

**BRICK TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY
COUNTY OF OCEAN, NEW JERSEY**

**ANNUAL FINANCIAL REPORT
YEARS ENDED MARCH 31, 2022 and 2021**

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Board of Commissioners and Management
March 31, 2022

Board of Commissioners

Susan Lydecker	Chairman
William Neafsey	Vice Chairman
Paul Mummolo	Secretary
Thomas C. Curtis	Treasurer
Derrick Ambrosino	Asst. Secretary/Treasurer
Harvey Langer	Alternate
Erin Wheeler	Alternate

Management

Chris A. Theodos, P.E., P.P., C.M.E., C.P.W.M., C.F.M.	Executive Director
Stephen T. Specht, P.E.	Deputy Executive Officer Director of Engineering/Operations
Joseph Maggio, P.E.	Director of Water Quality
Gary Vaccaro	Director of Compliance & Technology
John Clifford, CMFO	Chief Financial Officer

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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PART I
REPORT OF AUDIT OF FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Brick Township Municipal Utilities Authority
Brick, New Jersey

Opinion

We have audited the accompanying financial statements of the Brick Township Municipal Utilities Authority ("Authority") of the Township of Brick, State of New Jersey, as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Brick Township Municipal Utilities Authority of the Township of Brick, State of New Jersey, as of March 31, 2022 and 2021, and the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the Township of Brick, State of New Jersey, as of March 31, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, 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 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 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 LLP

FALLON & COMPANY
Hazlet, New Jersey
October 12, 2022

**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
Brick Township Municipal Utilities Authority
Brick, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Brick Township Municipal Utilities Authority ("Authority"), as of and for the year ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 12, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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 of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fallon & Company LLP

FALLON & COMPANY LLP

Hazlet, New Jersey

October 12, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

**BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
BRICK, NEW JERSEY**

FISCAL YEAR APRIL 1, 2021 THROUGH MARCH 31, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section presents management’s narrative discussion and analysis of the financial activities of the Authority for the audit year ending March 31, 2022.

The Authority continues the trend of overall positive performance relative to budget. The term “Budget” in this discussion refers to the 2021/2022 budget which was approved by the Division of Local Government Services in July of 2021 for the year ending March 31, 2022.

The Cash Management Plan adopted annually by the Board of Commissioners, the preparation of a detailed annual operating budget, and a five-year analysis of operations, capital, and rate projections contribute to the financial strength and direction of the Authority.

Authority Overview

The Authority provides sewerage collection and water treatment and distribution services for Brick Township. Additionally, the Authority sells bulk water to Point Pleasant Beach, Point Pleasant Borough and Lakewood.

The Authority’s water distribution system consists of over 403 miles of water mains as well as water storage tanks and booster pumping stations that are located throughout the distribution system. The Authority treats the water supply at the William Miller Treatment Plant. The total treatment capacity of the plant is 16 million gallons per day.

The Authority’s sanitary sewer system consists of over 338 miles of sewer mains, approximately 7,832 manholes, and 26 sewerage pumping stations that service the mainland and barrier island sections of Brick Township. The Authority conveys all wastewater to the Ocean County Utilities Authority (OCUA), a regional sewerage authority that provides treatment and disposal. The OCUA is a sewer collection system only.

The user fee charged to customers is the primary source of revenue for the Authority, in addition to connection fees and bulk sales. The customer base consists primarily of approximately 31,000 residential single-family water customers.

Financial Review and Highlights

This section presents an overview of the Authority's financial position and activities for the fiscal year April 1, 2021 through March 31, 2022.

Post Employment Benefits Liability

Jefferson Solutions, Inc. prepared the analysis considering various factors including demographics, health cost, employee turnover, inflation and mortality. As of March 31, 2022 the Authority's post-employment benefit liability was \$68,094,059. This is an increase from the prior year of \$17,676,683. The Authority is aware of the potential future impact of not funding this liability and has included a reserve amount in its 2021/2022 adopted budget of \$500,000 in the effort to reduce the future risk. The Authority negotiates health insurance on an annual basis with a third-party provider. The OPEB valuation was last revised on March 31, 2022.

Pension Plan

For the year ended March 31, 2022 the Authority's share of the state pension plan deficit was \$14,707,987. This is a \$5,996,624 dollar decrease over the prior year. We expect this liability to increase next year due to a bear market in 2022. The current local share of the state plan estimates that the pension is 70.33% funder, however, expectations for next year are negative.

Capital Projects and Debt

The Authority has over \$57 million of bonded debt and loans. Our five-year capital plan has identified over \$70 million of infrastructure improvements which will improve and maintain quality services to our service area. We understand that this amount is will not be completed in the five year period and are prioritizing the improvements according to their necessity. The Authority has obtained and continues to pursue capital grants to help with the cost of monitoring their watershed. The Authority will be applying to the New Jersey Infrastructure Bank on a regular basis to fund improvements that are too large to fund internally. At the same time, we realize the importance of managing this debt in light of OPEB and pension debts mentioned above. The Authority has also committed to use a portion of unrestricted funds to help finance capital purchases as a way to reduce the use of debt, whenever and wherever possible and has increased rates to customers accordingly.

Condensed Statements of Net Position – March 31st:

The Statements of Net Position presents the asset / liability financial position of an organization as of a particular date. The summary chart below contains the Authority's Statements of Net Asset values as of March 31, 2022 and 2021. Net position represents the difference between assets and liabilities.

	<u>2022</u>	<u>2021</u>
<u>Assets:</u>		
Unrestricted current assets	\$ 28,818,260	\$ 29,304,724
Restricted current assets	11,379,180	13,557,010
Restricted non-current assets	5,176,670	5,157,791
Property & equipment	110,154,039	106,415,421
Deferred outflows	37,157,770	24,121,246
Total assets	<u>\$ 192,685,919</u>	<u>\$ 178,556,192</u>
<u>Liabilities & Net Assets:</u>		
Unrestricted current liabilities	\$ 2,686,966	\$ 2,907,949
Restricted current liabilities	6,909,886	6,344,636
Net OPEB obligation	68,094,059	50,417,376
Net state pension obligation	14,707,987	20,704,611
Other long-term liabilities and inflows	71,810,689	69,815,033
Net position	28,476,332	28,366,587
Total liabilities & net position	<u>\$ 192,685,919</u>	<u>\$ 178,556,192</u>

The Authority's Statements of Net Position has increased slightly between fiscal years by \$109,745, the increase in the net OPEB obligation, was offset by a decrease in the pension obligation plus the Authority's positive cash flow. The Authority's current asset ratio remains strong at 4.2 but has decreased from the prior year ratio of 4.6. Property and equipment increased during the year as capital expenditures were \$3.6 million higher than disposals and depreciation. This trend is expected to continue for a few years. The debt ratios for 2022 and 2021 were 85% and 84%, respectively. The higher the debt ratio, the higher the organization's financial risk.

Net capital additions and net accumulated depreciation have resulted in an increase in property and equipment capital assets of \$3,639,618, as shown. The state pension obligation has decreased by \$6.0 million. The OPEB obligation increased by \$17,676,683, Principal retirements for bond debt was \$4.0 million for fiscal 2022 while additional debt acquired was \$2.2 million.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position measure the financial performance of an organization for a period of time, and the impact upon net position. The chart below summarizes operational activity for the period April 1st to March 31st each fiscal year.

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 38,060,943	\$ 37,433,197
Operating expenses:		
Administrative expenses	10,350,822	11,121,186
Cost of providing services	19,223,944	18,025,508
Depreciation	5,412,138	5,508,600
Total operating expenses	34,986,904	34,655,294
Operating income over expenses	3,074,039	2,777,903
Total non-operating revenues/(expenses)	(3,253,207)	(4,738,086)
Net income(loss)	(179,168)	(1,960,183)
Contributed capital	288,913	471,604
Net position, beginning of year	28,366,587	29,855,166
Net position, end of year	\$ 28,476,332	\$ 28,366,587

Selected Expenses as a Percent of Operating Revenues – March 31st:

	<u>2022</u>	<u>2021</u>
Administrative Expenses	27.2%	29.7%
Cost of Providing Services	50.5%	48.2%
Depreciation	14.2%	14.7%
Total Operating Expenses	91.9%	92.6%

Operating revenues for fiscal 2022 of \$38.0 million increased 1.6% as compared to \$37.4 million for the prior fiscal year, and was 1.4 million above the budgeted amount. The increase in Revenues is primarily the result of conservative budgeting. The Authority has benefited from good cash management, however low interest rates during the year reduced interest income by \$134,347.

Administrative expenses of \$10.3 million were less than the prior fiscal year of \$11.1 million.

Cost of providing services (COPS) of \$19.2 million was higher than the prior year of \$18.0 million.

Non-operating revenues and expenses for fiscal 2022 were comprised of \$972,000 in interest expense, which was partially offset by \$326,000 in interest income. The net loss for fiscal 2022 was \$179,168. The Authority has consistently had net losses since 2016 with the inclusion of the derived pension and OPEB expenses in the income statement. For 2022 the Authority's share of underfunded pension obligations and OPEB obligation expenses totaled approximately \$2,800,000. The majority of this expense is from the OPEB calculation whereby the Authority is on a pay as you go basis for retiree health benefits.

Statements of Cash Flows

The Authority's Statements of Cash Flows shows net cash provided by operating activities of \$7,636,073. Cash used by financing was \$10,530,529 which includes \$4.0 million in bond principal retirements, \$9.3 million in capital acquisitions and \$2.2 million in new construction loans. Cash and investments decreased \$2,979,953 and \$85,497 for the fiscal year, respectively, as the Authority is utilizing its own cash reserves for certain capital improvements.

Rate Determination and History

Rates are projected on a five-year outlook basis to balance the budget. Estimates of injection from the Rate Maintenance Fund are included as needed to streamline rate change and avoid any potential rate spikes. The Authority's history of overall rate increases are as follows:

September 1, 1999:	(6.0%) *Decrease resulted from conversion to consumption-based rates.
May 1, 2001:	3.5%
April 1, 2002:	8.7%
April 1, 2003:	8.8%
April 1, 2004:	8.0%
April 1, 2005:	8.5%
April 1, 2006:	5.5%
April 1, 2007:	0.0%
April 1, 2008:	5.5%
April 1, 2009:	2.8%
April 1, 2010:	4.3%
April 1, 2011:	3.9%
April 1, 2012:	3.9%
April 1, 2013:	0.0% - Amended Budget
April 1, 2014:	0.0%
April 1, 2015:	0.0%
April 1, 2016:	0.0%
April 1, 2017:	0.0%
May 1, 2018:	7.5%
April 1, 2019:	0.0%
April 1, 2020:	0.0%
April 1, 2021:	0.0%
April 1, 2022:	6.8%

Rate increases from 2002 through 2005 primarily resulted from increased debt service being built into base rates. This additional debt service was primarily associated with the construction of a one billion gallon reservoir, and the associated costs for the water treatment plant modifications and transmission main. The 2006 rate increase was attributed to NJEIT pump station and sewer rehabilitation debt service. For the first time in seven years, the Authority had no rate increase in fiscal 2007/2008. Due to Hurricane Sandy and associated economic conditions within the service territory, the Board of Commissioners decided not to increase rates in fiscal 2013/2014 as well. The rate increase effective May of 2018 and April, 1 2022 were done in anticipation of several large capital projects to be financed by NJ I-Bank, and also considered the net losses incurred from OPEB and Pension liability increases. Five-year operational and rate planning is included as an integral portion of the Authority's budget book each fiscal year. Our current rate projections anticipate additional rate increases within the next two to four years.

Funding of Infrastructure and Debt Management

It has been the policy of the Brick Township Municipal Utilities Authority that funding for capital improvements, additions, or replacements be accomplished through one, or a combination, of the following methods:

- Borrowings from the New Jersey Environmental Infrastructure Trust
- Revenue bonds
- Internal Funding
- Other alternatives as needed to fund the Five-Year Capital Plan

Refunding of existing debt has been periodically reviewed and completed when feasible. Anticipated future debt for projects being implemented include meters, water and sewer main replacement projects and pump station rehabilitation.

Capital – Five-Year Planning

The capital improvements program includes a five-year projection that is revised each year. The capital projection process allows the Finance Division to appropriately analyze future impacts of capital expenditures on remaining bond funds, internal funding, potential borrowings, and rate adjustment.

The Authority reviews the five - year capital plan on an ongoing basis. It is anticipated that there will be capital related borrowing during fiscal 2022/2023. The Authority is constantly reviewing both capital needs and financing alternatives.

Auditors

The Authority auditor for the fiscal year ending March 31, 2022 was Fallon & Company, LLP. Prior audits can be obtained from the office of the Brick Township Municipal Utilities Authority.

Chris A. Theodos, P.E., P.P., C.M.E., C.P.W.M., C.F.M.

Prepared by: Chris A. Theodos
Executive Director

FINANCIAL STATEMENTS

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Net Position

March 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
Unrestricted current assets:		
Cash and cash equivalents	\$ 16,407,084	\$ 17,242,240
Investments	6,069,085	6,000,000
Accounts receivable	3,998,787	3,735,832
Accrued service charges	1,295,308	1,250,485
Inventory - supplies	693,249	778,230
Prepaid expenses	354,747	297,937
Total unrestricted current assets	<u>28,818,260</u>	<u>29,304,724</u>
Restricted current assets:		
Cash and cash equivalents	7,906,625	10,011,269
Investments	3,387,504	3,430,124
Accrued interest receivable	85,051	115,617
Total restricted current assets	<u>11,379,180</u>	<u>13,557,010</u>
Restricted non-current assets:		
Cash and cash equivalents	-	40,153
Investments	5,176,670	5,117,638
Total restricted non-current assets	<u>5,176,670</u>	<u>5,157,791</u>
Property and equipment, net	<u>110,154,039</u>	<u>106,415,421</u>
Total assets	<u>155,528,149</u>	<u>154,434,946</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension deferrals	1,084,140	3,070,021
OPEB deferrals	35,334,884	20,222,092
Unamortized bond defeasement and issue costs	738,746	829,133
Total deferred outflow of resources	<u>37,157,770</u>	<u>24,121,246</u>
Total assets and deferred outflow of resources	<u><u>\$ 192,685,919</u></u>	<u><u>\$ 178,556,192</u></u>

The accompanying notes are an integral part of this statement.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Net Position

March 31,

	<u>2022</u>	<u>2021</u>
LIABILITIES		
Unrestricted current liabilities:		
Accounts payable	\$ 313,882	\$ 474,478
Accrued expenses	614,761	614,638
Unearned income	1,758,323	1,818,833
Total unrestricted current liabilities	<u>2,686,966</u>	<u>2,907,949</u>
Restricted current liabilities:		
Accounts payable	1,774,320	914,952
Current portion of long-term debt	3,753,547	4,010,853
Accrued interest payable	506,183	529,921
Unearned income	115,177	110,052
Developer escrow	302,403	306,640
Retainage payable	458,256	472,218
Total restricted current liabilities	<u>6,909,886</u>	<u>6,344,636</u>
Long-term liabilities:		
Long-term debt (inclusive of premiums of \$1,752,666 and \$2,374,837 and discounts of \$66,336 and \$72,808 in 2022 and 2021 respectively)	55,835,124	58,024,341
Reserve for uncompensated absences	1,448,244	1,542,443
Net OPEB obligation	68,094,059	50,417,376
Net state pension obligation	14,707,987	20,704,611
Total long-term liabilities	<u>140,085,414</u>	<u>130,688,771</u>
 Total Liabilities	 <u>149,682,266</u>	 <u>139,941,356</u>
DEFERRED INFLOW OF RESOURCES		
Pension deferrals	9,713,185	8,748,743
OPEB deferrals	4,814,136	1,499,506
Total deferred inflow of resources	<u>14,527,321</u>	<u>10,248,249</u>
 Total liabilities and deferred inflow of resources	 <u>\$ 164,209,587</u>	 <u>\$ 150,189,605</u>

The accompanying notes are an integral part of this statement.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**Statements of Net Position****March 31,**

	<u>2022</u>	<u>2021</u>
NET POSITION		
Investments in capital assets, net of related debt	<u>\$ 48,332,792</u>	<u>\$ 43,688,385</u>
Restricted net position:		
Debt service	4,670,903	4,644,951
Unrestricted net position:		
Reserved for renewal and replacement	500,000	500,000
Reserved for future construction	4,650,030	4,565,589
Unreserved	<u>(29,677,393)</u>	<u>(25,032,338)</u>
Total restricted and unrestricted net position	<u>(19,856,460)</u>	<u>(15,321,798)</u>
Total net position	<u>\$ 28,476,332</u>	<u>\$ 28,366,587</u>

The accompanying notes are an integral part of this statement.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

March 31,

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Annual service charges	\$ 35,349,875	\$ 35,249,323
Initial service charges	1,103,146	909,959
Tap-ins, permits, and other fees	753,067	550,455
Review and inspection fees	31,530	29,125
Interest on delinquent payments	102,976	215,232
Shared service income	47,889	35,578
Miscellaneous income	672,460	443,525
Total operating revenues	<u>38,060,943</u>	<u>37,433,197</u>
Operating expenses:		
Cost of providing services	19,223,944	18,025,508
Administrative expenses	10,350,822	11,121,186
Depreciation	5,412,138	5,508,600
Total operating expenses	<u>34,986,904</u>	<u>34,655,294</u>
Operating income over expenses	<u>3,074,039</u>	<u>2,777,903</u>
Non-operating revenue (expenses):		
Interest on investments	326,683	461,030
Interest expense	(971,846)	(1,124,978)
Grant revenue	463,271	168,818
Change in net OPEB obligation	(5,878,521)	(3,651,448)
Change in state pension obligation	3,046,301	278,585
Gain/(Loss) on disposal of assets	(148,708)	(1,908)
Loss on bond refunding		(779,870)
Amortization of debt issue costs	(28,098)	(48,591)
Amortization of loss on defeasement	(62,289)	(39,724)
Total non-operating revenue (expenses)	<u>(3,253,207)</u>	<u>(4,738,086)</u>
Net income (loss)	(179,168)	(1,960,183)
Restricted and unrestricted net position, April 1	(15,321,798)	(12,821,787)
Contributed capital and capital grants	288,913	471,604
Net change in investments in capital asset, net of related debt and other	(4,644,407)	(1,011,432)
Restricted and unrestricted net position, March 31	<u>(19,856,460)</u>	<u>(15,321,798)</u>
Investments in capital assets, net of related debt, April 1	43,688,385	42,676,953
Net increase (decrease) in capital assets	4,644,407	1,011,432
Investments in capital assets, net of related debt, March 31	<u>48,332,792</u>	<u>43,688,385</u>
Total net position, March 31	<u>\$ 28,476,332</u>	<u>\$ 28,366,587</u>

The accompanying notes are an integral part of this statement.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Cash Flows

March 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Cash received from service users	\$ 37,797,988	\$ 36,483,900
Cash paid to suppliers	(19,093,598)	(19,091,521)
Cash paid to employees	(9,822,614)	(10,438,742)
Interest received	399,093	609,530
Interest paid	(1,644,796)	(1,903,495)
Net cash flow from operating activities	<u>7,636,073</u>	<u>5,659,672</u>
Cash flows from financing activities:		
Payments for capital acquisitions	(9,315,803)	(9,142,871)
Proceeds from sale of assets	152,377	250,862
Proceeds from capital grants	463,721	168,818
Proceeds from construction loans	2,180,029	17,979,989
Bond and note principal retirements	(4,010,853)	(13,824,549)
Net cash flow used by financing activities	<u>(10,530,529)</u>	<u>(4,567,751)</u>
Cash flows from investing activities:		
Maturities/(purchases) of investments	(85,497)	(6,430,124)
Net cash flow from investing activities	<u>(85,497)</u>	<u>(6,430,124)</u>
Net change in cash and cash equivalents	(2,979,953)	(5,338,203)
Cash and cash equivalents, April 1	<u>27,293,662</u>	<u>32,631,865</u>
Cash and cash equivalents, March 31	<u><u>\$ 24,313,709</u></u>	<u><u>\$ 27,293,662</u></u>
 Schedule of non-cash investing and financing activities:		
Capital contributions capitalized	<u><u>\$ 288,913</u></u>	<u><u>\$ 471,604</u></u>
 Reconciliation to the Statements of Net Position:		
Unrestricted cash and cash equivalents	\$ 16,407,084	\$ 17,242,240
Restricted current cash and cash equivalents	7,906,625	10,011,269
Restricted noncurrent cash and cash equivalents	-	40,153
Cash and cash equivalents, March 31	<u><u>\$ 24,313,709</u></u>	<u><u>\$ 27,293,662</u></u>

The accompanying notes are an integral part of this statement.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**Statements of Cash Flows****March 31,**

	<u>2022</u>	<u>2021</u>
Reconciliation of net loss to net cash flow from Operating activities:		
Net income (loss)	\$ (179,168)	\$ (1,960,183)
Items which did not use (provide) cash:		
Depreciation	5,412,138	5,508,600
Change in net OPEB obligation and deferrals	5,878,521	3,651,448
Change in net state pension obligation and deferrals	(3,046,301)	(278,585)
Loss on disposal of assets	(148,708)	(1,908)
Amortization on bond premium/discount	(628,643)	(687,092)
Amortization of debt issue costs	28,098	48,591
Amortization of loss on defeasement	62,289	39,724
Loss on bond refunding	-	779,870
Working capital changes which provided (used) cash:		
Accounts receivable	(307,778)	(989,658)
Accrued interest receivable	30,566	148,500
Inventory	84,981	(93,407)
Prepaid expenses	(56,810)	(18,512)
Accounts payable	698,772	(804,586)
Accrued expenses	123	130,300
Unearned income	(55,385)	15,515
Accrued interest payable	(23,738)	(92,180)
Developer escrow	(4,723)	18,995
Retainage payable	(13,962)	82,504
Reserve for compensated absences	(94,199)	161,736
Net cash flow from operating activities	<u>\$ 7,636,073</u>	<u>\$ 5,659,672</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements
For the years ended March 31, 2022 and 2021

NOTE 1 ORGANIZATION

The Brick Township Municipal Utilities Authority (“Authority”), a public politic and corporate body, was created by virtue of an ordinance of the Township of Brick, adopted April 3, 1969, pursuant to Chapter 183 of the Municipal Utilities Authorities Laws of the State of New Jersey of 1957 (Chapter 14B of Title 40 of the Revised Statutes of New Jersey).

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

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

The Authority is a component unit of the Township of Brick. The Authority issues separate financial statements from the Township. However, if the Township presented its financial statements in accordance with GAAP, these financial statements would be included in the Township’s financial statements on a blended basis.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Accounting

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

Revenues are recognized when earned and measurable and expenses are recognized when incurred. Interest on delinquent accounts is realized when earned. Costumers are billed on a quarterly basis for both water and sewer.

B. Budgetary Accounting

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

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Grants

Contributions from various sources of grants are recorded in the period received. Developer financed construction is recorded in the period the projects are completed and conveyed to the Authority. The valuations of these projects are based on estimates of the entire cost of construction, including rights-of-way, inspection and as-built plans as calculated by developers' engineers. Donated assets are recorded at fair market value at the date of the gift. Grants that are not externally restricted and utilized to finance operations are identified as non-operating revenues. Grants externally restricted for non-operating purposes are recorded as contributed capital.

D. Use of Estimates

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

E. Inventory

Inventory consists principally of pipes, appurtenances, meters and chemicals for water and sewer systems and various materials and supplies for the daily operation of the Authority and is stated at the average cost determined by the first-in, first-out method (FIFO).

F. Property Plant and Equipment

Property, plant and equipment are stated at cost. The cost of property, plant and equipment is depreciated over its estimated useful life, by the straight-line method. Major improvements to existing plant and equipment are capitalized. Repairs and maintenance that do not extend the economic life of plant and equipment are charged to expense as incurred. Upon the sale or retirement of property, plant and equipment, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and placed in operation. The assets are then transferred to the appropriate property and plant account and depreciated on a straight-line basis over the asset's estimated useful life. The Authority capitalizes all long-lived assets acquired for \$5,000 or more. The Authority does not capitalize interest.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property, Plant and Equipment (continued)

The estimated useful lives of the assets are:

Water production and distribution system	40 years
Sewer collection system	40 years
Administration complex	40 years
Equipment	5-10 years
Vehicles	5 years

Depreciation expense for the years ended March 31, 2022 and 2021 was \$5,412,138 and \$5,508,600, respectively.

G. Cash and Investment Accounts

In accordance with the 1996 bond resolution, as amended and/or supplemented, the Authority has established the following cash and investment accounts for the deposit and/or transfer, in the priority of the order listed, of all monies received by the Authority.

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
<u>Unrestricted:</u>		
Revenue Fund	All revenues received by the Authority.	Authorized operating expenses and, at least once a month, transfers to the various accounts described below.
General Fund	Any excess over expenditures in the revenue fund or accounts shall be transferred to the general fund each month if all required deposits and trustee expenses have been duly executed.	Amounts on deposit in the general fund shall be applied by the Authority to any lawful purpose of the Authority related to the sewer or water systems.
<u>Restricted:</u>		
Bond Service Fund (Current debt service)	Amount needed to pay matured principal and interest due on or before the following December 1 st .	Principal and interest on bonds.
Bond Reserve Fund (Future debt service)	Amount equal to the Bond Reserve requirement.	Transfers to meet minimum levels required in the bond service or sinking accounts. Any excess may be transferred into the revenue account.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash and Investment Accounts (continued)

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
Restricted:		
Renewal and Replacement Fund (Maintenance reserve)	An amount equal to the System Reserve requirement.	Transfers to meet the minimum levels required in the bond reserve account for major repairs, renewals and extensions of the system.
Construction Fund	Amount needed to fund construction projects.	Transfers to meet costs of construction projects.

Investments are shown on the balance sheet at fair value.

NOTE 3 CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Deposits:		
Demand deposits	\$ 24,313,709	\$ 27,293,662
Total deposits	<u>\$ 24,313,709</u>	<u>\$ 27,293,662</u>
Reconciliation to Statement of Net Position:		
Unrestricted current assets:		
Cash and cash equivalents	\$ 16,407,084	\$ 17,242,240
Restricted current assets:		
Cash and cash equivalents	7,906,625	10,011,269
Restricted non-current assets:		
Cash and cash equivalents	-	40,153
Total cash and cash equivalents	<u>\$ 24,313,709</u>	<u>\$ 27,293,662</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 3 CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of March 31, 2022 and 2021, the Authority's bank balance of \$39,946,968 and \$41,841,424, respectively, was insured or collateralized as follows:

	<u>2022</u>	<u>2021</u>
Insured	\$ 1,000,006	\$ 1,250,000
Collateralized in the Authority's name		
Under GUDPA	<u>38,946,962</u>	<u>40,591,424</u>
Total	<u>\$ 39,946,968</u>	<u>\$ 41,841,424</u>

For the Statements of Cash Flows, the Authority combines the unrestricted cash with the restricted cash and cash equivalents. The Authority considers investments with maturities of three months or less at the time of purchase to be cash equivalents.

The Authority's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 4 INVESTMENTS

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or the collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's investments are held in the name of the Authority and are collateralized by GUDPA (Governmental Unit Deposit Protection Act).

B. Investment Interest Rate Risk

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

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 4 INVESTMENTS (continued)

C. Investment Credit Risk

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

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

As of March 31, 2022 and 2021, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	2022 <u>Fair Value</u>	2021 <u>Fair Value</u>
Certificates of deposit	Various	N/A	\$ 14,633,259	\$ 14,547,762

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 4 INVESTMENTS (continued)

D. Fair Value of Investments

Investments are shown at fair value on the balance sheet with accrued interest shown under a separate caption. Investments are summarized as follows at March 31, 2021 and 2020:

	<u>2022</u>	<u>2021</u>
Certificates of deposit	\$ 14,633,259	\$ 14,547,762
Total fair value of investments	<u>\$ 14,633,259</u>	<u>\$ 14,547,762</u>

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment as of March 31, 2022 and 2021 are as follows:

	<u>March 31, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>March 31, 2022</u>
Land and easements	\$ 6,102,866		\$ 26,582	\$ 6,076,284
Administration building and warehouse	10,536,907	\$ 234,126		10,771,033
Water production and distribution system	97,269,973	2,680,997	36,975	99,913,995
Sewer collection system	106,255,570	5,946,593	401,269	111,800,894
Meters	4,034,194	197,701	77,984	4,153,911
Reservoir	37,432,401			37,432,401
Construction in progress - other	21,924,370	8,869,540	8,967,913	21,825,997
Equipment	25,076,820	379,063	929,415	24,526,468
Vehicles	3,645,552			3,645,552
Subtotal	<u>312,278,653</u>	<u>18,308,020</u>	<u>10,440,138</u>	<u>320,146,535</u>
Less: accumulated depreciation	<u>205,863,232</u>	<u>5,412,138</u>	<u>1,282,874</u>	<u>209,992,496</u>
Property, plant, and equipment, net	<u>\$ 106,415,421</u>	<u>\$ 12,895,882</u>	<u>\$ 9,157,264</u>	<u>\$ 110,154,039</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 6 LONG-TERM DEBT

Bonds payable at March 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
New Jersey Environmental Infrastructure Trust 2001 (W 1506001-001), interest rate 4.00% to 5.50%, maturity dates serially beginning August 1, 2004 and ending August 1, 2021. Interest payment dates are February 1 and August 1.	\$ -	\$ 222,413
New Jersey Environmental Infrastructure Trust 2001 (S340-488-04), interest rate 4.00% to 5.50%, maturity dates serially beginning August 1, 2003 and ending August 1, 2021. Interest payment dates are February 1 and August 1.	-	80,029
New Jersey Environmental Infrastructure Trust 2002 (S340-488-04), interest rate 4.00% to 5.25%, maturity dates serially beginning August 1, 2006 and ending August 1, 2022. Interest payment dates are February 1 and August 1.	327,781	638,121
New Jersey Environmental Infrastructure Fund 2002 (S340-488-04), interest rate of 0%, semi-annual maturity dates beginning February 1, 2006 and ending August 1, 2021.	-	193,305
New Jersey Environmental Infrastructure Trust 2010 (S340-448-07/08), interest rate of 3.00% to 5.00%, maturity dates serially beginning August 1, 2011 and ending August 1, 2029. Interest payment dates are February 1 and August 1.	242,000	269,000
New Jersey Environmental Infrastructure Trust 2010 (S340-488-07/08), interest rate of 0%, semi-annual maturity dates beginning August 1, 2010 and ending February 1, 2025.	230,804	310,798

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 6 LONG-TERM DEBT (continued)

	<u>2022</u>	<u>2021</u>
Series 2011 revenue bonds, interest rate of 4% on remaining payment which is due December 1, 2021.	\$ -	\$ 40,000
Series 2016A revenue bonds, interest rate of 3.00% to 5.00%, maturity dates serially beginning December 1, 2017 and ending December 1, 2028. Interest payment dates are June 1 and December 1.	14,615,000	16,555,000
Series 2016B refunding bonds, interest rates of 3.00% to 5.00%, maturity dates December 1, 2017, December 1, 2018 and then serially December 1, 2020 through December 1, 2027. Interest payment dates are June 1 and December 1.	6,880,000	7,845,000
Series 2020A ESIP bonds, interest rates of 2.00% to 4.00%, maturity dates beginning December 1, 2022 and ending December 1, 2036. Interest payment dates are June 1 and December 1.	1,545,000	1,545,000
Series 2020A-1 NJEIB Fund loan, zero interest, maturity dates beginning August 1, 2020 and ending August 1, 2049	1,412,143	1,479,916
Series 2020A -1 NJEIB Trust loan, interest rates of 2.125% to 5.00%, maturity dates beginning August 1, 2021 and ending August 1, 2049	485,000 11,695,000	500,000 11,765,000
Series 2020B revenue refunding bonds, interest rates of 1.34% to 2.60%, maturity dates beginning December 1, 2021 and ending December 1, 2032. Interest payment dates are June 1 and December 1.	11,695,000	11,765,000
NJEIB Construction Financing on Various Projects	<u>20,469,613</u>	<u>18,289,584</u>
Total long-term debt	57,902,341	59,733,166
Unamortized bond premium	1,752,666	2,374,837
Unamortized bond discount	(66,336)	(72,808)
Less: current portion	<u>(3,753,547)</u>	<u>(4,010,853)</u>
Bonds payable, excluding current portion	<u>\$ 55,835,124</u>	<u>\$ 58,024,342</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 6 LONG-TERM DEBT (continued)

Schedule of Aggregate Annual Debt Service for the Next Five Years and Thereafter
(not including \$20,469,613 in NJIB construction loan financing)

Fiscal Year(s) Ending Year	Bond Principal	Interest	Total Debt service
2023	\$ 3,753,547	\$ 1,430,292	\$ 5,183,839
2024	3,579,766	1,263,312	4,843,078
2025	3,745,590	1,097,052	4,842,642
2026	3,844,772	921,864	4,766,636
2027	4,044,772	737,881	4,782,653
2028-2032	14,479,862	1,475,034	15,954,896
2033-2037	3,398,861	136,045	3,534,906
2038-2042	340,854	17,681	358,535
2043-2047	157,416	8,250	165,666
2048-2049	87,289	1,350	88,639
	<u>\$ 37,432,729</u>	<u>\$ 7,088,761</u>	<u>\$ 44,521,490</u>

NJIB Construction Loans

The Authority has received approvals for financing from the New Jersey Infrastructure Bank (NJIB) for twelve (12) Authority projects totaling \$50,308,284. The projects include replacement of water meters, water mains, and fire hydrants in several locations within the Authority's service area as well as wastewater pump, water tank, and filtration upgrades. Note agreements have been entered into for several of the projects. Under the terms of the note the NJIB reimburses the Authority for the costs associated with those projects and the amounts loaned are expected to roll into long term financing at the earlier of three (3) years or when the project is completed. As of March 31, 2022 and 2021, total cumulative reimbursements received are as follows:

	March 31, 2022	March 31, 2021
Meters - Sewer	\$ 445,106	\$ -
Water main replacement in Cedarwood section	903,726	-
Waste water pump station rehabilitation	3,666,640	3,294,849
Granulated activated carbon filter	13,056,919	12,597,513
Breton woods water main replacement	2,397,222	2,397,222
	<u>\$ 20,469,613</u>	<u>\$ 18,289,584</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 6 LONG-TERM DEBT (continued)

Pursuant to the terms of the notes, the following events shall constitute an “Event of Default”: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations, and any other payment obligations due; (ii) failure to be observed or performed pursuant to the terms of the Note; (iii) any representation made by reference to the Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of the Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

Changes in the outstanding debt for 2022 are as follows:

Issue	March 31, 2021	Issued	Paid	March 31, 2022
2001 NJEIT	\$ 80,029	\$ -	\$ 80,029	\$ -
2001 NJEIT	222,413	-	222,413	-
2002 NJEIT	831,425	-	503,645	327,780
2010 NJEIT	579,798	-	106,993	472,805
Series 2011	40,000	-	40,000	-
Series 2016A	16,555,000	-	1,940,000	14,615,000
Series 2016B	7,845,000	-	965,000	6,880,000
Series 2020A ESIP	1,545,000	-	-	1,545,000
Series 2020B	11,765,000	-	70,000	11,695,000
2020A-1 NJEIB	1,979,916	-	82,772	1,897,144
NJIB Construction	18,289,584	2,180,029	-	20,469,613
	<u>\$ 59,733,165</u>	<u>\$ 2,180,029</u>	<u>\$ 4,010,852</u>	<u>\$ 57,902,342</u>

NOTE 7 RESERVE FOR UNCOMPENSATED ABSENCES

The Authority has a policy and express provisions in its employment contracts that allow employees to accrue unused sick and vacation days. The Authority pays all vacation time accrued upon retirement, but employees can only carry over one year of vacation into the following year, at which time the unused balance is cancelled. The Authority pays a maximum of \$15,000 of sick time accrued at retirement. Annually the Authority buys back unused sick days in excess of the allowed carryover to limit the liability they may incur upon retirement of an employee. At March 31, 2022 and 2021, an amount of \$1,448,244 and \$1,542,443, respectively, has been provided to fully fund this potential liability.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS

A. Description of the System

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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. 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 1/5th 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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

B. Membership

Membership in the PERS is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. Since PERS covers public employees throughout the State separate records are not maintained for each reporting unit; accordingly, the actuarial data for the employees of the Authority who are members of PERS are not available.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS (continued)

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less 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 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 annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits.

The employee contribution rate was 7.35% effective July 1, 2017 and increased to 7.50% effective July 1, 2018. The Authority contribution to the plan for the past three years are as follows:

<u>Year</u> <u>Ending</u>	<u>Employees</u>	<u>Authority</u> <u>Required</u> <u>Amount</u>	<u>Contribution</u> <u>Percentage</u>
March 31, 2022	\$ 712,325	\$ 1,453,996	100%
March 31, 2021	729,795	1,388,929	100%
March 31, 2020	767,845	1,228,968	100%

All contributions were equal to the required contributions for each of the three years, respectively.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS (continued)

D. Net Pension Liability and Pension Expense

At March 31, 2022 and 2021, the Authority's proportionate share of the PERS net pension liability is valued to be \$14,707,987 and \$20,704,611, respectively. The net pension liabilities were measured as of June 30, 2021 and 2020, respectively. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Authority's proportion measured as of June 30, 2022, was 0.1241547140%, which was an decrease of 0.0028099146% from its proportion measured as of June 30, 2021 of 0.1269646286%.

	<u>Collective Balances at March 31,</u>		<u>Increase/ (Decrease)</u>
	<u>2022</u>	<u>2021</u>	
Actuarial Valuation Date	July 1, 2021	July 1, 2020	
Net Pension Liability	\$ 14,707,987	\$ 20,704,611	\$ (5,996,624)
Authority's Proportion of the Plan's Total Net Pension Liability	0.1241547140%	0.1269646286%	-0.0028099146%

For the year ended March 31, 2022 and 2021 the Authority recognized pension expense of \$1,482,889 and \$1,563,856, respectively. The Authority reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS (continued)

D. Net Pension Liability and Pension Expense (continued)

Year ended March 31, 2022

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 231,964	\$ 105,292
Changes of assumptions	76,599	5,236,139
Changes in proportion	775,577	497,284
Net difference between projected and actual investment earning on pension plan investments	-	3,874,470
	<u>\$ 1,084,140</u>	<u>\$ 9,713,185</u>

Year ended March 31, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 376,997	\$ 73,220
Changes of assumptions	671,681	8,669,216
Changes in proportion	1,313,643	6,307
Net difference between projected and actual investment earning on pension plan investments	707,700	-
	<u>\$ 3,070,021</u>	<u>\$ 8,748,743</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS (continued)

D. Net Pension Liability and Pension Expense (continued)

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

Year ended March 31,

2023	\$ (3,223,510)
2024	(2,320,610)
2025	(1,722,719)
2026	(1,352,054)
2027	<u>(10,152)</u>
Total	<u><u>\$ (8,629,045)</u></u>

March 31,
2022

Deferred Outflows	\$ 1,084,140
Deferred Inflows	<u>9,713,185</u>
Net Outflows (Inflows)	<u><u>\$ (8,629,045)</u></u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS (continued)

E. Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	6/30/2021
Actuarial valuation date	7/1/2020
Investment rate of return	7.00%
Salary increases	2.00 - 6.00% based on years of service
Thereafter	3.00 -7.00% based on years of service

Preretirement 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS (continued)

F. Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 non-employer contributing entity will be based at 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 8 PENSIONS (continued)

H. Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the Authority as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Decrease (6.00%)	Discount (7.00%)	Increase (8.00%)
Authority's proportionate share of the net pension liability	\$20,029,296	\$14,707,987	\$10,192,102

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description. The Authority's defined benefit OPEB plan, the Brick Township Municipal Utilities Retiree Health Benefit Program ("the Plan"), provides OPEB for all permanent full-time employees of the Authority. The Plan is a single employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. The Plan provides healthcare benefits for retirees and their spouses. The benefit terms provide for payment of health insurance premiums for employees based on the criteria prescribed in Chapter 78 of the New Jersey State retirement regulations. Using a determination date of June 28, 2011, all employees that met the age of 55 and 25 years of service before the determination date do not contribute towards the cost of coverage at retirement. For other employees the contribution is based on the expected retirement benefit which is derived from the employee's final average salary performed by the State of New Jersey upon reaching retirement eligibility.

Employees covered by benefit terms. At April 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	44
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	117
	<u>161</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Total OPEB Liability

The Authority's total OPEB liabilities of \$68,094,059 and \$65,858,158 as of March 31, 2022 and March 31, 2021, respectively, were valued on April 1, 2021 with measurement dates of March 31, 2022 and March 31, 2021.

Actuarial assumptions and other inputs. The total OPEB liabilities of the actuarial valuation at that date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Year 1 1.00% / 19.53%, Year 2 7.00%
Discount Rate	2.67%
Ultimate Inflation Rate	4.24%
Year Ultimate Inflation Rate is reached	2090
Actuarial Cost Method	Entry Age Normal (Percent of Salary)

As prescribed by GASB no. 75, the discount rate is based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date. To comply with this provision, the *Bond Buyer 20-Bond General Obligation Index* is used. The discount rate of 2.67% is the March 31, 2022 value of this index.

Changes in the Total OPEB Liability

	For Fiscal Years Ending	
	March 31, 2022	March 31, 2021
OPEB liability, beginning of year	\$ 50,417,376	\$ 48,966,831
Change for the year		
Service Cost	1,968,815	1,394,608
Interest	1,738,766	1,099,700
Assumption Changes	(3,905,971)	
Difference Between Actual and Expected Experience	19,346,753	
Benefit Payments	(1,471,680)	(1,043,763)
OPEB liability, end of year	<u>\$ 68,094,059</u>	<u>\$ 50,417,376</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability calculated using a discount rate that is 1-percentage-point lower (1.67%) or 1-percentage-point higher (3.27%) than the current discount rate:

Total OPEB Liability	Discount Rate		
	1% Decrease (1.67%)	Baseline (2.67%)	1% Increase (3.67%)
March 31, 2022	\$ 81,760,865	\$ 68,094,059	\$ 57,312,138
March 31, 2021	61,365,942	50,417,376	41,914,904

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The March 31, 2022 valuation was prepared using an initial trend rate starting at 1.00% /19.53%, as well as what the total OPEB Liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

Total OPEB Liability	Healthcare Cost Trend Rates		
	1% Decrease	Baseline	1% Increase
March 31, 2022	\$ 55,590,314	\$ 68,094,059	\$ 84,770,503
March 31, 2021	40,590,084	50,417,376	63,581,174

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2022, the Authority recognized an OPEB expense of \$5,878,521 in addition to its normal health benefit costs. At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 15,615,667	\$ (3,541,268)
Differences between expected and actual experience	19,719,217	(1,272,868)
Total	<u>\$ 35,334,884</u>	<u>\$ (4,814,136)</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

Year Ended March 31:	
2023	\$ 3,642,620
2024	3,642,620
2025	12,023,752
2026	1,896,550
2027	178,797
Thereafter	9,136,409
	<u>\$ 30,520,748</u>

NOTE 10 DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all eligible employees and administered by Hartford Life Insurance Company, permits them to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until terminations, retirement, death or unforeseeable emergency.

NOTE 11 COMMITMENTS

On February 27, 1973, the Authority entered into a contract with the Ocean County Utilities Authority providing for the treatment and disposal of sewerage and charges for such services. This agreement may be terminated only after the County Authority has been paid in full for all of its obligations and, subsequent thereto, has been given two years notice.

On June 23, 2014, the Authority passed a resolution to enter into a shared services agreement with the Township of Brick for a thirty-six percent beneficial ownership in a solar generated electrical system. The agreement calls for the Authority to pay the Township for fifteen years based upon a Purchased Power Agreement with the supplier. Total expected payments under the shared services agreement approximate \$2,500,000 for the first fifteen years. The Authority is unable to quantify the value of the future expected benefits under this agreement and has elected to expense costs under this agreement as incurred, net of any revenues received, from the sale of generated electricity.

As of date of these financial statements, the Authority has committed to borrow from the NJ Environmental Infrastructure Bank ("I-Bank") via construction loan financing for a variety of capital projects totaling \$50,308,284. It may take up to three years before the notes are permanently financed through the I-Bank.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2022 and 2021

NOTE 12 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.

The Authority maintains insurance coverage for property, liability, and surety bonds. A partial schedule of insurance coverage can be found in the Schedule of Insurance Coverage.

NOTE 13 SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after March 31, 2022 through the date of October 12, 2022, which is the date the financial statements were available to be issued.

Subsequent to the balance sheet date the Authority closed on two loans I-Bank loans, converting the construction loans to permanent financing. The amounts of the loans were \$2,421,195 for the Breton Woods water main replacement and \$4,439,696 for the wastewater pump station rehabilitation – phase II.

SUPPLEMENTARY INFORMATION

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2022

Schedule I

For the 12 Months Ended March 31,	NJEIT 2002	NJEIT 2010	Series 2016A	Series 2016B	Series 2020A	Series 2020B	NJIB 2020A	Total
2023	\$ 327,781.00	\$ 107,993.00	\$ 2,040,000.00	\$ 1,005,000.00	\$ 75,000.00	\$ 115,000.00	\$ 82,772.35	\$ 3,753,546.35
2024		106,993	2,135,000	1,060,000	75,000	120,000	82,772	3,579,765
2025		97,819	2,245,000	1,120,000	80,000	120,000	82,772	3,745,591
2026		27,000	2,360,000	1,170,000	85,000	120,000	82,772	3,844,772
2027		32,000	2,475,000	1,235,000	90,000	125,000	87,772	4,044,772
2028		32,000	2,600,000	1,290,000	85,000	125,000	87,772	4,219,772
2029		32,000	760,000		90,000	2,095,000	87,772	3,064,772
2030		37,000			100,000	2,145,000	87,772	2,369,772
2031					105,000	2,190,000	87,772	2,382,772
2032					110,000	2,245,000	87,772	2,442,772
2033					120,000	2,295,000	87,772	2,502,772
2034					125,000		87,772	212,772
2035					130,000		92,772	222,772
2036					135,000		92,772	227,772
2037					140,000		92,772	232,772
2038							97,772	97,772
2039							97,772	97,772
2040							82,343	82,343
2041							31,483	31,483
2042							31,483	31,483
2043							31,483	31,483
2044							31,483	31,483
2045							31,483	31,483
2046							31,483	31,483
2047							31,483	31,483
2048							31,483	31,483
2049							31,483	31,483
2050							24,323	24,323
	<u>\$ 327,781</u>	<u>\$ 472,805</u>	<u>\$ 14,615,000</u>	<u>\$ 6,880,000</u>	<u>\$ 1,545,000</u>	<u>\$ 11,695,000</u>	<u>\$ 1,897,143</u>	<u>\$ 37,432,729</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Operating Revenues
For the years ended March 31, 2022 and 2021

			Water		Sewer
	Total	Number of		Number of	
	Amount	Customers	Amount	Customers	Amount
For the year ended March 31, 2021:					
Annual service charges:					
Residential:					
Single-family	\$ 25,676,128	31,535	\$ 10,310,746	30,956	\$ 15,365,382
Multi-family	327,664	523	112,690	541	214,974
Apartments	1,435,326	2,121	524,208	2,121	911,118
Commercial and industrial	3,141,269	1,765	1,275,869	1,715	1,865,400
Schools	110,327	23	48,085	20	62,242
Municipal	57,583	44	30,575	34	27,008
Lawn watering	1,846,643	4,741	1,846,643	-	-
Bulk - Point Pleasant Beach	981,203	-	981,203	-	-
Bulk - Other	568,325	-	516,410	15	51,915
Fire protection					
Public fire districts	667,471	4	667,471	-	-
Private	437,384	210	437,384	-	-
Total annual service charges	35,249,323	40,966	16,751,284	35,402	18,498,039
Initial service charges	909,959	-	568,239	-	341,720
Tap-ins, permits and other fees	550,455	-	453,650	-	96,805
Review and inspection fees	29,124	-	14,562	-	14,562
Interest on delinquent payments	215,232	-	107,616	-	107,616
Shared services income	35,578	-	17,789	-	17,789
Miscellaneous income	443,526	-	394,233	-	49,293
Total operating revenues	\$ 37,433,197	40,966	\$ 18,307,373	35,402	\$ 19,125,824
For the year ended March 31, 2022:					
Annual service charges:					
Residential:					
Single-family	\$ 25,162,841	31,615	\$ 10,075,001	31,050	\$ 15,087,840
Multi-family	323,953	519	111,281	537	212,672
Apartments	1,453,482	2,121	534,271	2,121	919,211
Commercial and industrial	3,530,248	1,763	1,439,706	1,710	2,090,542
Schools	234,012	23	103,666	20	130,346
Municipal	62,201	44	34,447	34	27,754
Lawn watering	1,902,166	4,846	1,902,166	-	-
Bulk - Point Pleasant Beach	996,651	-	996,651	-	-
Bulk - Other	573,188	-	510,810	15	62,378
Fire protection					
Public fire districts	668,375	4	668,375	-	-
Private	442,758	212	442,758	-	-
Total annual service charges	35,349,875	41,147	16,819,132	35,487	18,530,743
Initial service charges	1,103,146	-	683,830	-	419,316
Tap-ins, permits and other fees	753,067	-	566,952	-	186,115
Review and inspection fees	31,530	-	15,765	-	15,765
Interest on delinquent payments	102,976	-	51,488	-	51,488
Shared services income	47,889	-	23,945	-	23,944
Miscellaneous income	672,459	-	515,067	-	157,392
Total operating revenues	\$ 38,060,942	41,147	\$ 18,676,179	35,487	\$ 19,384,763

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Cost of Providing Services
For the years ended March 31, 2022 and 2021

	2021			2022		
	Total	Water	Sewer	Total	Water	Sewer
Treatment of sewerage	\$ 7,577,231	\$ -	\$ 7,577,231	\$ 7,920,640	\$ -	\$ 7,920,640
Operating labor	4,835,439	3,715,628	1,119,811	5,465,042	4,009,357	1,455,685
Employee benefits	2,608,390	2,024,192	584,198	2,621,069	1,969,572	651,497
Repairs and maintenance	662,872	546,156	116,716	588,588	410,156	178,432
Vehicle expenses	57,022	24,110	32,912	87,862	38,771	49,091
Utilities	876,584	740,054	136,530	1,049,601	898,714	150,887
Other expenses:						
Supplies	256,690	234,090	22,600	294,483	271,682	22,801
Water quality testing	48,890	48,890	-	50,670	50,670	-
Chemicals	689,406	689,406	-	703,235	698,096	5,139
Information systems	79,091	79,091	-	65,625	65,625	-
Usage, fees, and permits	44,643	44,643	-	55,070	55,070	-
Education, travel, exams and dues	23,481	22,399	1,082	23,387	21,848	1,539
Professional services	206,716	206,716	-	221,318	221,318	-
Other expenses	59,053	41,266	17,787	77,355	40,656	36,699
Total cost of providing services	<u>\$ 18,025,508</u>	<u>\$ 8,416,641</u>	<u>\$ 9,608,867</u>	<u>\$ 19,223,945</u>	<u>\$ 8,751,535</u>	<u>\$ 10,472,410</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Administrative Expenses
For the years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Salaries	\$ 4,706,146	\$ 5,603,304
Employee benefits	3,808,704	3,587,877
Repairs and maintenance	69,317	105,911
Vehicles	106,409	77,905
Utilities	458,112	440,663
Supplies	177,456	214,601
Information systems	179,933	221,020
Professional services	300,092	348,788
Postage	74,902	61,122
Education, travel, dues and fees	46,092	63,095
Insurance	388,006	343,630
Other expenses	<u>35,653</u>	<u>53,270</u>
Total administrative expenses	<u><u>\$ 10,350,822</u></u>	<u><u>\$ 11,121,186</u></u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Operating Revenues and Expenditures Funded by Operating Revenues,
Compared to Budget
For the Years Ended March 31, 2022 and 2021

Schedule V

	2022				2021			
	Original Budget	Final Budget	Actual	Excess/ (Deficit)	Original Budget	Final Budget	Actual	Excess/ (Deficit)
Revenues								
Unrestricted net position utilized	\$ 177,496	\$ 177,496	-	\$ (177,496)	\$ 1,260,373	\$ 1,260,373	-	\$ (1,260,373)
Operating revenues:								
Annual service charges	34,156,769	34,156,769	35,349,875	1,193,106	33,859,607	33,859,607	35,249,323	1,389,716
Initial service charges	1,381,219	1,381,219	1,103,146	(278,073)	373,502	373,502	909,959	536,457
Tap-ins, permits and other fees	560,070	560,070	753,067	192,997	509,500	509,500	550,455	40,955
Review and inspection fees	30,000	30,000	31,530	1,530	30,000	30,000	29,125	(875)
Interest on delinquent accounts	160,000	160,000	102,976	(57,024)	160,000	160,000	215,232	55,232
Interest on Investments	250,000	250,000	326,683	76,683	500,000	500,000	461,030	(38,970)
Shared service income	31,500	31,500	47,889	16,389	31,500	31,500	35,578	4,078
Miscellaneous income	414,490	414,490	672,460	257,970	387,438	387,438	443,525	56,087
Total operating revenues	36,984,048	36,984,048	38,387,626	1,403,578	35,851,547	35,851,547	37,894,227	2,042,680
Total Revenues	\$ 37,161,544	\$ 37,161,544	\$ 38,387,626	\$ 1,226,082	\$ 37,111,920	\$ 37,111,920	\$ 37,894,227	\$ 782,307
Expenses:								
Cost of providing services								
Payment to other authorities :								
Treatment of Sewerage	\$ 7,722,150.00	\$ 7,722,150.00	\$ 7,920,640.00	\$ (198,490.00)	\$ 7,714,150.00	\$ 7,714,150.00	\$ 7,577,231.00	\$ 136,919.00
Operating labor	5,116,468	5,116,468	5,465,042	(348,574)	5,059,533	5,059,533	4,835,438	224,095
Payroll Taxes	1,068,660	1,068,660	1,038,228	30,432	975,239	975,239	991,461	(16,222)
Employee Benefits	1,552,946	1,552,946	1,582,840	(29,894)	1,728,933	1,728,933	1,616,929	112,004
Repairs and maintenance	427,800	427,800	588,588	(160,788)	430,300	430,300	662,873	(232,573)
Vehicle expense	68,500	68,500	87,862	(19,362)	64,000	64,000	57,022	6,978
Utilities	964,440	964,440	1,049,601	(85,161)	966,695	966,695	876,584	90,111
Supplies	251,000	251,000	294,483	(43,483)	260,500	260,500	256,690	3,810
Water quality testing	145,000	145,000	50,670	94,330	190,000	190,000	48,890	141,110
Chemicals	1,105,000	1,105,000	703,235	401,765	955,000	955,000	689,406	265,594
Information systems	89,000	89,000	65,625	23,375	97,000	97,000	79,091	17,909
Licenses, Permits	28,300	28,300	55,070	(26,770)	24,800	24,800	44,643	(19,843)
Education, travel, exams, and dues	33,450	33,450	23,387	10,063	185,650	185,650	23,481	162,169
Professional services	255,500	255,500	221,318	34,182	92,500	92,500	206,716	(114,216)
Other	52,200	52,200	77,355	(25,155)	40,450	40,450	59,053	(18,603)
Total cost of providing services	\$ 18,880,414.00	\$ 18,880,414.00	\$ 19,223,944.00	\$ (343,530.00)	\$ 18,784,750.00	\$ 18,784,750.00	\$ 18,025,508.00	\$ 759,242.00

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Operating Revenues and Expenditures Funded by Operating Revenues,
Compared to Budget
For the Years Ended March 31, 2022 and 2021

Schedule V(Continued)

	2022				2021			
	Original Budget	Final Budget	Actual	Excess/ (Deficit)	Original Budget	Final Budget	Actual	Excess/ (Deficit)
Expenses (continued)								
Administrative expenses:								
Salaries	\$ 5,759,910	\$ 5,759,910	\$ 4,706,146	\$ 1,053,764	\$ 5,824,849	\$ 5,824,849	\$ 5,603,304	\$ 221,545
Payroll Taxes	1,272,146	1,272,146	-	1,272,146	1,185,546	1,185,546	1,200,828	(15,282)
Employee Benefits	2,742,100	2,742,100	3,808,704	(1,066,604)	2,807,752	2,807,752	2,387,049	420,703
Repairs & Maintenance	111,450	111,450	69,317	42,133	124,800	124,800	196,954	(72,154)
Vehicle Expense	92,950	92,950	106,409	(13,459)	86,450	86,450	77,905	8,545
Utilities	451,054	451,054	458,112	(7,058)	441,813	441,813	440,663	1,150
Supplies	178,750	178,750	177,456	1,294	177,500	177,500	123,558	53,942
Information systems	275,250	275,250	179,933	95,317	327,000	327,000	221,020	105,980
Professional services	616,100	616,100	300,092	316,008	596,200	596,200	348,788	247,412
Postage	85,800	85,800	74,902	10,898	85,800	85,800	61,122	24,678
Education,travel, dues and fees	62,750	62,750	46,092	16,658	60,190	60,190	63,095	(2,905)
Insurance	324,265	324,265	388,006	(63,741)	348,460	348,460	343,630	4,830
Other	84,850	84,850	35,653	49,197	76,000	76,000	53,270	22,730
Total administrative expense	12,057,375	12,057,375	10,350,822	1,706,553	12,142,360	12,142,360	11,121,186	1,021,174
Total operating expenses	30,937,789	30,937,789	29,574,766	1,363,023	30,927,110	30,927,110	29,146,694	1,780,416
Other Reserves	500,000	500,000	-	500,000	500,000	500,000	-	500,000
Principal maturity	4,061,414	4,061,414	4,010,853	50,561	3,756,776	3,756,776	3,824,549	(67,773)
Interest expense	1,662,341	1,662,341	971,846	690,495	1,928,034	1,928,034	1,124,978	803,056
Total debt service & other	6,223,755	6,223,755	4,982,699	1,241,056	6,184,810	6,184,810	4,949,527	1,235,283
Total costs funded by operating activities	37,161,544	37,161,544	34,557,465	2,604,079	37,111,920	37,111,920	34,096,221	3,015,699
Excess/(deficit) of revenues over/(under) expenditures	\$ -	\$ -	\$ 3,830,161	\$ 3,830,161	\$ -	\$ -	\$ 3,798,006	\$ 3,798,006

Schedule V(Continued)

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Operating Revenues and Expenditures Funded by Operating Revenues,
Compared to Budget
For the Years Ended March 31, 2022 and 2021

Reconciliation of budget results to net income:

	<u>2022</u>	<u>2021</u>
Budget results	\$ 3,830,161	\$ 3,798,006
Principal maturity	4,010,853	3,824,549
Grant revenue	463,271	168,818
Depreciation expense	(5,412,138)	(5,508,600)
Change in OPEB obligation	(5,878,521)	(3,651,448)
Change in state pension obligation	3,046,301	278,585
Gain (Loss) on disposal of assets	(148,708)	(1,908)
Loss on bond refunding	-	(779,870)
Amortization of debt issue costs	(28,098)	(48,591)
Amortization of loss on defeasance	<u>(62,289)</u>	<u>(39,724)</u>
Net income (loss)	<u>\$ (179,168)</u>	<u>\$ (1,960,183)</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Insurance Coverage
March 31, 2022

Package Policy:	
Blanket Building and Property.....	\$150,000,000
Boiler and Machinery/Equipment.....	150,000,000
Auto Fleet:	
Liability.....	10,000,000
General Liability.....	10,000,000
Workers' Compensation.....	1,700,000
Public Officials Liability.....	2,000,000
JIF Crime.....	100,000
Terrorism.....	10,000
Cyber Security.....	1,000,000

The above schedule is presented as a memorandum only and we do not express an opinion as to the adequacy of coverage.

**BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
BRICK, NEW JERSEY**

**SCHEDULE OF THE PROPORTIONATE SHARE OF
NET PENSION LIABILITY
Years Ended March 31,
(Last 10 Years)***

	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.1241547140%	0.1269646286%	0.1263453410%	0.1195973243%	0.1196571822%	0.1174673320%	0.1110450952%
Proportionate share of the net pension liability	\$ 14,707,987	\$ 20,704,611	\$ 22,765,514	\$ 23,548,117	\$ 27,854,279	\$ 34,790,454	\$ 24,927,399
Covered - employee payroll	\$ 10,171,188	\$ 10,438,742	\$ 9,124,230	\$ 9,101,966	\$ 8,468,070	\$ 8,300,450	\$ 7,828,252
Proportionate Share of the net pension liability as percentage of employee payroll	144.60%	198.34%	249.51%	258.71%	328.93%	419.14%	318.43%
Proportionate share of plan's fiduciary net position	\$ 35,243,532	\$ 20,867,419	\$ 29,498,645	\$ 27,198,910	\$ 25,814,799	\$ 23,326,153	\$ 22,943,676
Plan fiduciary net position as a percentage of the total pension liability	51.52%	42.51%	56.27%	53.60%	48.10%	40.14%	47.93%

Notes to Schedule:

* - 2016 was the first year of implementation, therefore only seven years are shown.

**BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
BRICK, NEW JERSEY**

**SCHEDULE OF PENSION CONTRIBUTIONS
Years Ended March 31,
(Last 10 Years)***

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	\$ 1,453,996	\$ 1,388,929	\$ 1,228,968	\$ 1,189,607	\$ 1,108,496	\$ 1,043,563	\$ 954,690
Contributions in relation to the actuarially determined contributions	1,453,996	1,388,929	1,228,968	1,189,607	1,108,496	1,043,563	954,690
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 10,171,188	\$ 10,438,742	\$ 9,124,230	\$ 9,101,966	\$ 8,468,070	\$ 8,300,450	\$ 7,828,252
Contributions as a percentage of covered-employee payroll	14.30%	13.31%	13.47%	13.07%	13.09%	12.57%	12.20%
Notes to Schedule:							
Valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Inflation rate							
Price	2.75%	2.75%	2.75%	2.25%	2.25%	3.08%	3.04%
Wage	3.25%	3.25%	3.25%				
Salary Increases	2.00 - 6.00% based on years of service	2.00 - 6.00% based on years of service	2.00 - 6.00% based on years of service	1.65 - 4.15% based on age	1.65 - 4.15% based on age	1.65 - 4.15% based on age	2.15 - 4.40% based on age
Thereafter	3.00 - 7.00% based on years of service	3.00 - 7.00% based on years of service	3.00 - 7.00% based on years of service	2.65 - 5.15% based on age	2.65 - 5.15% based on age	2.65 - 5.15% based on age	3.15 - 5.40% based on age
Investment rate of return	7.00%	7.00%	7.00%	7.00%	7.00%	7.65%	7.90%

* - 2016 was the first year of implementation, therefore only seven years are shown.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
BRICK, NEW JERSEY

SCHEDULE OF CHANGES IN THE AUTHORITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
Years Ended March 31,
(Last 6 Years)

<u>Total OPEB liability</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Amortization adjustment	\$ -	\$ -	\$ 957,958	\$ -	\$ -	\$ -
Service cost	1,968,815	1,394,608	1,363,653	481,316	465,162	633,450
Interest	1,738,766	1,099,700	1,067,934	971,091	924,478	1,037,325
Assumption changes	(3,905,971)		18,857,552	-	-	-
Changes of benefit terms			-	-	-	-
Differences between expected and actual experience	19,346,753		1,720,435	(131,654)	681,025	1,367,369
Benefit payments	(1,471,680)	(1,043,763)	(1,020,595)	(917,337)	(808,766)	(500,634)
Net change in total OPEB liability	17,676,683	1,450,545	22,946,937	403,416	1,261,899	2,537,510
Total OPEB liability - beginning	50,417,376	48,966,831	26,019,894	25,616,478	24,354,579	21,817,069
Total OPEB liability - ending	<u>\$ 68,094,059</u>	<u>\$50,417,376</u>	<u>\$48,966,831</u>	<u>\$ 26,019,894</u>	<u>\$ 25,616,478</u>	<u>\$ 24,354,579</u>
Covered-employee payroll	\$ 10,283,741	\$ 9,106,128	\$ 8,784,179	\$ 8,557,204	\$ 7,994,093	\$ 7,835,855
Total OPEB liability as a percentage of covered-employee payroll	662.15%	553.66%	557.44%	304.07%	320.44%	310.81%

PART II
SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW
JERSEY OMB CIRCULAR 15-08**

To the Honorable Chairman and Commissioners
of the Brick Township Municipal Utilities Authority
Township of Brick
County of Ocean
Brick, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Brick Township Municipal Utilities Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major state programs for the fiscal year ended March 31, 2022. The Authority's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended March 31, 2022.

Basis for Opinion of Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are requires to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a

type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Company LLP
FALLON & COMPANY LLP

Hazlet, New Jersey
October 12, 2022

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
COUNTY OF OCEAN
STATE OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended March 31, 2022

State Grantor / Pass-through <u>Grantor / Program</u>	State Account Number or <u>Other Identifying Number</u>	Grant <u>Period</u>	Grant/Loan <u>Award</u>	Program <u>Expenditures</u>	Cumulative <u>Expenditures</u>
N.J. Department of Environmental Protection					
Notes Relating to the Construction Financing Loan Program of the New Jersey Infrastructure Bank					
Granular Activated Carbon (GAC) Treatment Addition	1506001-011	Open	17,094,937	140,596	13,721,495
Undersized Water Main Replacement in Cedar Park East and West	1506001-008	Open	5,380,603	2,253,287	2,414,834
Breton Woods Water Main Replacement - Phase I	1506001-009	Open	3,234,036	2,775	2,346,307
Water Main Replacement on Cartagena Drive, Alhama Drive, Cadiz Drive, Valencia Drive and Monterey Drive	1506001-014	Open	1,818,601	42,333	136,993
Water Main Stream Crossings Replacements at Route 70 (16" Diameter), at the Beaver Dam Creek at Midstreams Road (16" Diameter) and Five 12" Diameter Stream Crossings in the Township of Brick	1506001-013	Open	4,188,446	8,281	324,102
Sanitary Sewer Manhole Rehabilitation and Replacement	S340448-12	Open	4,824,000	1,235	1,235
Cadiz Drive, Valencia Drive and Monterey Drive	S340448-13	Open	4,041,432	870,451	870,451
Meter Replacement - Phase II	S340448-14	Open	1,609,341	214,990	567,196
Wastewater Pump Station Rehabilitation - Phase II	S340448-11	Open	5,881,219	121,431	4,021,217
Total N.J. Department of Environmental Protection			48,072,615	3,655,379	24,403,830
Total State Expenditures			\$ 48,072,615	\$ 3,655,379	\$ 24,403,830

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to the Schedule of Expenditures of State Financial Assistance
For the Year Ended March 31, 2022

NOTE 1: ORGANIZATION AND BASIS OF PRESENTATION

A. Organization

The Brick Township Municipal Utilities Authority is the prime sponsor and recipient of various federal and state grant funds. The Authority has delegated the administration of grant programs and the reporting function to various departments within the Authority. Substantially all grant and program cash funds are commingled with the Authority's other funds, although each grant is accounted for separately within the Authority's financial records. The Authority's Department of Finance performs the accounting functions for all grants.

B. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance includes the grant activity of the Brick Township Municipal Utilities Authority. The schedule is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of New Jersey OMB Circular 15-08. Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in fund balances of the Authority.

Pass-through entity identifying numbers are presented where available. When state account numbers (State of New Jersey identifying number) are not included in the grant agreement, the State Schedule of Financial Assistance (GN06) is reviewed to obtain the State account numbers. If no funds were received in the fiscal year, the grant will not appear on the GN06. In these instances, other identifying numbers such as the grant agreement numbers are utilized if available.

NOTE 2: CONTINGENCIES

Each of the grantor agencies reserves the right to conduct additional audits of the Authority's grant programs for economy, efficiency and program results. However, Authority management does not believe such audits would result in material amounts of disallowed costs.

NOTE 3: LOAN BALANCES

The Authority loans outstanding at March 31, 2022 are as follows:

	<u>State</u>
New Jersey Infrastructure Bank	<u>\$ 23,167,342</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2022

Section I - Summary of Auditors' Results

Financial Statements Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? _____ Yes X No

Reportable condition identified not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

a) State Awards

Internal Control over major programs:

Material weakness identified? _____ Yes X No

Significant deficiency identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's 15-08? _____ Yes X No

Identification of major state programs:

Name of State Program or Cluster

Notes relating to the Construction Financing Loan Program of the New Jersey Infrastructure Bank

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as a low-risk auditee? X YES _____ No

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs (continued)
For the Year Ended March 31, 2021

Section II – Financial Statement Findings

None reported.

Section III – Summary Schedule of Prior Audit Findings

None.

PART III
FINDINGS AND RECOMMENDATIONS

**BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
COUNTY OF OCEAN**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended March 31, 2022**

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.

None.

**BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
COUNTY OF OCEAN**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT
Year Ended March 31, 2021**

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

None.