

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**Financial Statements and Supplementary Schedule**  
**For the years ended December 31, 2024 and 2023**

# MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY

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# **MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**

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**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**Board of Commissioners**  
**December 31, 2024**

Richard DiFolco  
Chairman

Randolph Brolo  
Vice Chairman

Christopher Banks  
Commissioner

James Rydarowski  
Commissioner

Jason Jones  
Commissioner

Jennifer Rivera  
Secretary

Michael B. Dehoff  
Interim Executive Director/  
Treasurer

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of the Township of Mount Holly)**

**INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**



BRENT W. LEE & CO., LLC  
Certified Public Accounting Firm

## INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of the  
Mount Holly Municipal Utilities Authority  
County of Burlington  
Mount Holly, New Jersey 08060

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Holly Municipal Utilities Authority (the "Authority"), a component unit of Mount Holly Township, in the County of Burlington, State of New Jersey, as of and for the fiscal years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Authority as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

## **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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

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

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

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

### **Report on Summarized Comparative Information**

We have previously audited the Authority's 2023 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 1, 2024, in accordance with the financial reporting provisions described in Note 1. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Required Supplemental Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



## **Other Information**

Management is responsible for the other information included in the financial statements. The other information comprises the supplementary information and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated July 3, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brent W. Lee".

Brent W. Lee  
Certified Public Accountant

Cinnaminson, New Jersey  
July 3, 2025



BRENT W. LEE & CO., LLC  
Certified Public Accounting Firm

**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**

To the Chairman and Members of the  
Mount Holly Municipal Utilities Authority  
County of Burlington  
Mount Holly, New Jersey 08060

We have audited, 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, business-type activities and the aggregate remaining fund information of the Mount Holly Municipal Utilities Authority (the "Authority"), County of Burlington, State of New Jersey, as of and for the fiscal year ended December 31, 2024, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 3, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify 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* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Brent W. Lee  
Certified Public Accountant

Cinnaminson, New Jersey  
July 3, 2025

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**Management's Discussion and Analysis**

Mount Holly Municipal Utilities Authority  
Management's Discussion and Analysis  
for the Year Ended December 31, 2024  
(unaudited)

Introduction:

The Mount Holly Municipal Utilities Authority, hereinafter referred to as the "MHMUA", presents their Annual Financial Report developed in accordance with the statement of Governmental Accounting Standard No. 34 entitled "Basic Financial Statement – Management's Discussion Analysis – for State and Local Governments", hereinafter referred to as GASB 34, and related statements.

Mission:

The MHMUA's mission is to provide wastewater treatment services, which enhance environmentally sound community development and ensure public health through improved water quality. Services are provided cost efficiently to Mount Holly and adjoining service areas in compliance with Federal and State regulations.

Administrative/Business Office:

1 Park Drive, PO Box 486, Mt. Holly, NJ 08060  
Phone: 609-267-0015  
www.mhmua.com

Water Pollution Control Facilities:

300 Rancocas Road, Mt Holly, NJ 08060  
26 Maple Avenue, Lumberton, NJ 08048  
Phone: 609-267-0015/609-267-0110

Board of Commissioners:

Richard DiFolco, Chairman  
Randy Brolo, Vice Chairman  
Christopher Banks, Commissioner  
Jason Jones, Commissioner  
James Rydarowski, Commissioner

Management Personnel:

Michael B. Dehoff, Interim Executive Director & Chief Financial Officer  
Jennifer Rivera, Administration Director & Board Secretary  
Brian Grant, Superintendent of Operations  
Russell Lingle IV, Assistant Superintendent of Operations  
Wayne Gaskill, Operations Manager  
Anthony Stagliano Sr., Safety Director & Special Projects  
Jacqueline Arango, Laboratory Manager

## I. General

The MHMUA owns and operates/maintains forty (40) pumping stations in six townships (Mount Holly, Hainesport, Eastampton, Westampton, Lumberton, and Moorestown). The MHMUA maintains more than 182 miles of sanitary (gravity and force) mains that collect and transfer wastewater to two (2) wastewater treatment facilities (the Rancocas Road Water Pollution Control Facility located in Mount Holly, and the Maple Avenue Water Pollution Control Facility located in Lumberton).

The MHMUA services approximately 15,000 residential customers (representing an estimated population of 50,000) in addition to approximately 651 commercial customers and approximately 38 industrial users. Industrial users are regulated by MHMUA's approved Industrial Pretreatment Program (IPP). The MHMUA is also a major receptor of liquid waste including sludge, septage, leachate, and miscellaneous wastewaters that are currently processed at both the Rancocas Road Water Pollution Control Facility and the Maple Avenue Water Pollution Control Facility under the direction of MHMUA's Hauled Wastes Program. The MHMUA's treatment facilities are the designated septage receiving facilities for Burlington County.

## II. MHMUA's Rancocas Road Water Pollution Control Facility

### A. General Description

The MHMUA's Rancocas Road Water Pollution Control Facility is a complex operation comprised of two individual but interconnected plants constructed at different times beginning in 1960. Plant No. 2, which was placed into operation in 1960 with a design capacity of 1.3 mgd. The plant provided secondary treatment using standard-rate trickling filters. The facility was expanded in 1981 and with current operating conditions, has a design capacity of 3.0 mgd with the addition of Plant No. 3, which includes additional primary clarification, conventional completely mixed activated sludge treatment, secondary clarification, disc filter filtration, peracetic acid disinfection and post-aeration facilities.

### B. Wastewater Treatment Processes

Screening and Grit Removal – Debris and heavy inorganic solids (sand, gravel, etc.) are removed from the raw wastewater. Odorous air is removed from the influent channels and is treated in a Biological Odor Control Treatment System prior to discharge to the atmosphere.

Flow Equalization – A 1.5 million gallon Equalization Tank (Surge Tank No. 1) attenuates the flow and concentration peaks to achieve a relatively constant flow rate and loading to downstream treatment plant processes.

Primary Settling Tanks – Removes heavy organic solids from the raw wastewater and settled biosolids from the Intermediate Settling Tanks.

Primary Settling Tanks, distributed between Plant No. 2 (two (2) tanks) and Plant No. 3 (two (2) tanks). The solids removed from these tanks are directed to the Sludge Blending and Storage Tank.

## B. Wastewater Treatment Processes (continued)

Trickling Filters and Intermediate Settling Tanks – The 150' diameter Trickling Filter in Plant No. 2 provides reliable, inexpensive removal of biodegradable organics from the primary effluent. The settled biosolids from the two (2) Plant No. 2 Intermediate Settling Tanks are directed back to the head of the plant for removal in the Primary Settling Tanks.

Activated Sludge Process – The two (2) aeration tanks employ a completely mixed activated sludge process.

This variation of the activated sludge process utilizes suspended growth microorganisms in a completely mixed reactor to biologically remove ammonia and biodegradable organics from the wastewater. Additionally, non-biodegradable organic compounds are removed through absorption/adsorption onto the activated sludge floc. The completely mixed reactor provides a uniform oxygen demand and organic/ammonia loading throughout the tank.

Secondary Settling Tanks – The Rancocas Road WWTP typically utilizes one (1) of two (2) secondary settling tanks. The tank provides for the separation of the settled activated sludge solids from the clarified secondary effluent. The Return Activated Sludge is directed to the Scrubbing Mixing Chamber where it may be mixed with primary effluent from Plant No. 3 prior to being returned back to the aeration tank. The Waste Activated Sludge is directed to the Sludge Blending and Storage Tank for sludge processing and disposal.

Discfilter Filtration – Three (3) disc filters provide for the tertiary removal of suspended solids from the combined effluent from both the Rancocas Road Water Pollution Control Facility and the Maple Avenue Water Pollution Control Facility. Following filtration, the dissolved oxygen content of the discharge from the disc filters is increased through two (2) stages of Cascade Aeration.

Disinfection – Following the second (2<sup>nd</sup>) Cascade Aeration stage, the filtered effluent is disinfected with Peracetic acid (also known as peroxyacetic acid, or PAA). This organic peroxide is a colorless liquid with a characteristic pungent odor reminiscent of acetic acid (vinegar) in three (3) Contact Tanks. The use of PAA is not only environmentally friendly, but cost effective in comparison with Sodium Hypochlorite which the Authority utilized prior to PAA.

Post Aeration – The dissolved oxygen content in the treated effluent is further increased prior to discharge into the North Branch of the Rancocas Creek through the use of one (1) Post Aeration Tank equipped with a mechanical aerator followed by Cascade Aeration.

## C. Sludge Treatment Processes

Sludge Blending and Storage Tank – A 350,000 gallon Sludge Storage Tank is used to store and blend the settled solids from the Primary Settling Tanks, the Waste Activated Sludge from the Maple Avenue Water Pollution Control Facility, the Waste Activated Sludge from the Rancocas Road Water Pollution Control Facility, and all other external miscellaneous trucked-in sludges, prior to solids processing. Odorous air is removed from this tank and treated in a Biological Odor Control Treatment System prior to discharge to the atmosphere.

### C. Sludge Treatment Processes (continued)

Thickening – Sludge from the Sludge Blending and Storage Tank is transferred by chopper-type pumps to a Rotary Screw Thickener, which removes water and increases the solids content to approximately 4-5% Total Solids (TS) prior to Belt Filter Press dewatering. The filtrate from this process is recycled back to the head of the plant for additional treatment. Odorous air is removed from this operation and treated in a Biological Odor Control Treatment System prior to discharge to the atmosphere.

Dewatering – Thickened sludge from the Rotary Screw Thickener is directed to a 125,000 gallon Thickened Sludge Storage Tank, which stores the thickened sludge prior to dewatering with Belt Filter Presses. The Belt Filter Presses dewater the sludge to a solids content of approximately 16-18 % TS. The combination of filtrate and wash water from this process is recycled back to Surge Tank No. 1 for additional treatment.

Disposal – All of the dewatered sludge is composted at the Burlington County Resource Recovery Complex.

### III. MHMUA's Maple Avenue Water Pollution Control Facility

#### A. General Description

The MHMUA's Maple Avenue Water Pollution Control Facility is a 3.0 mgd facility that was placed into operation in December 2010. The facility includes screening and grit removal with odor control, activated sludge with biological nitrogen and phosphorus removal, secondary clarification, effluent pumping, and disinfection of the utility water.

The facility treats wastewater flows from Hainesport, Moorestown, Lumberton and Mount Holly through three (3) separate force mains (the Hainesport Force Main, Lumberton Force Main, and the Madison Avenue Force Main). The facility also treats screened and de-gritted wastewater flows from the Rancocas Road Water Pollution Control Facility's Surge Tank No. 1 through a dedicated transfer pump utilizing the Hainesport Force Main.

The secondary effluent discharged from this facility flows by gravity (the majority of the time) through a 20-inch diameter force main to the disc filters at the Rancocas

Road Water Pollution Control Facility for effluent filtration. The Waste Activated Sludge from this facility also flows by gravity to the Sludge Blending and Storage Tank at the Rancocas Road Water Pollution Control Facility for sludge processing.

Facility control is through a SCADA (Supervisory Control and Data Acquisition) system, which allows for the remote monitoring of all of the facility's operational systems and the control of a portion of the operational systems; thereby, minimizing the staffing requirements of the facility.



## B. Wastewater Treatment Processes

Screening and Grit Removal – Debris and heavy inorganic solids (sand, gravel, etc.) are removed from the raw wastewater through the use of two (2) Headworks units. Odorous air is removed from these units and treated through two (2) Biological Odor Control Treatment Systems prior to discharge to the atmosphere.

Activated Sludge System with Biological Nutrient Removal – This variation of the activated sludge process utilizes suspended growth microorganisms in a plug flow reactor to biologically remove nitrogen, phosphorus, and biodegradable organics from the wastewater through the use of aerobic, anoxic, and anaerobic zones in a six (6) pass aeration tank. Additionally, non-biodegradable organic compounds are removed through absorption/adsorption onto the activated sludge floc.

High speed turbo blowers provide air through fine bubble air diffusers in the aerobic zones, while low speed submersible mixers are used in the anoxic and anaerobic zones.

Secondary Settling Tanks – Three (3) Secondary Settling Tanks provide for the separation of the settled activated sludge solids from the clarified secondary effluent. The Return Activated Sludge is directed back to the first pass of the aeration tank, while the Waste Activated Sludge is directed to the Sludge Blending and Storage Tank at the Rancocas Road Water Pollution Control Facility for solids processing.

The Waste Activated Sludge was designed to flow by gravity from the Maple Avenue Water Pollution Control Facility through an 8-inch diameter force main to the Sludge Blending and Storage Tank at the Rancocas Road Water Pollution Control Facility. When the discharge is unable to flow by gravity, one (1) pump has been provided to pump the Waste Activated Sludge to the Sludge Blending and Storage Tank.

Effluent Pump Station – Secondary effluent from the Maple Avenue Water Pollution Control Facility was designed to flow by gravity through a 20-inch diameter force main to the disc filters at the Rancocas Road Water Pollution Control Facility. When the discharge is unable to flow by gravity, three (3) pumps have been provided to pump the effluent to the disc filters.

Chlorine Contact Tank – A Chlorine Contact Tank is used to disinfect the utility water at the facility for the protection of the MHMUA's employees. The disinfection of the Maple Avenue Water Pollution Control Facility's effluent is provided at the Rancocas Road Water Pollution Control Facility, following filtration of the combined effluents from the two plants.

## IV. Milestones

1946	Mount Holly Sewerage Authority (MHSA) established by local Ordinance.
1950	Rancocas Road Water Pollution Control Facility Plant No. 1 placed into operation with a design capacity of 0.7 mgd.
1956 – 1960	Sewer service initiated in non-sewered areas of the four Townships (Eastampton, Westampton, Lumberton, and Hainesport) adjacent to Mount Holly Township.
1960	Rancocas Road Water Pollution Control Facility Plant No. 2 placed into operation with a design capacity of 1.3 mgd, resulting in a combined design capacity of 2.0 mgd.

- 1969      Sewer Service Agreement updated between the MHSA and the Township of Eastampton to provide sewage collection and treatment service within the boundaries of the Township of Eastampton.
  
- 1981      The Rancocas Road Water Pollution Control Facility was expanded to a design capacity of 5.0 mgd with the addition of Plant No. 3 and became first facility in the United States utilizing the Zimpro Wastewater Reclamation System.
  
- 1986      Purchased the Lumberton Municipal Utilities Authority.
  
- 1986      Sewer Service Agreement updated between the MHSA and the Township of Lumberton to provide sewage collection and treatment service within the boundaries of the Township of Lumberton.
  
- 1989      Sewer Service Agreement updated between the MHSA and the Township of Hainesport to provide sewage collection and treatment service within the boundaries of the Township of Hainesport.
  
- 1989      Sewer Service Agreement updated between the MHSA and Westampton Township to provide sewage collection and treatment service to a portion of the Township located within the MHSA Sewer Service Planning Area Boundary.
  
- 1993      Sewer Service Agreement updated between the MHSA and the Township of Moorestown to provide sewage collection and treatment service to a portion of the Township located within the MHSA Sewer Service Planning Area Boundary.
  
- 1994      Mount Holly Water Pollution Control Facility awarded “Zimpro Plant of the Year”.
  
- 1997      Mount Holly Sewerage Authority reorganized under the name Mount Holly Municipal Utilities Authority (MHMUA).
  
- 1998      Purchased property on Maple Avenue in Lumberton for future plant expansion.
  
- 2005      MHMUA received the 2005 United States Environmental Protection Agency (USEPA) Region II 1<sup>st</sup> Place Clean Water Act Recognition Award for Operation and Maintenance Excellence for Medium-Size Advanced Treatment Plants.
  
- 2005      MHMUA received the 2005 USEPA National 1<sup>st</sup> Place Clean Water Act Recognition Award for Operations and Maintenance Excellence for Medium-Size Advanced Treatment Plants.
  
- 2010      Start-up of the new 3.0 mgd Maple Avenue Water Pollution Control Facility located in Lumberton Township.

- |      |   |
|------|---|
| 2011 | The Plant No. 1 Raw Sewage Pumps, Primary Settling Tanks, and Intermediate Settling Tanks; and the Plant No. 3 Wet Air Regeneration System and Dual Packed Carbon Tower Odor Control System were taken out of service at the Rancocas Road Water Pollution Control Facility. Also, the Plant No. 3 PAC/AS process was converted into a completely mixed activated sludge process.   |
| 2012 | MHMUA received The New Jersey Department of Environmental Protection's Environmental Stewardship Initiative for its voluntary and proactive measures taken to go beyond compliance in an effort to improve the environment and ensure a sustainable future.   |
| 2018 | On July 10, 2018, the Authority entered the bond market to refinance the outstanding maturities of its Sewer Revenue Bonds, Series of 1998 and Sewer Revenue Bonds, Series 2007 C. Simultaneously, the Authority released funds to defease the outstanding maturities of its Taxable Sewer Revenue bonds, 2009 Series A. The result of issuing the Series 2018 Refunding Bonds was a total debt service savings in excess of \$3.25 million. This is an approximate savings of \$160,000 annually over the next 20 years. This refunding transaction also reduced the final year of debt payments from the year 2038 to 2037. |

#### V. Responsibility and Control

The MHMUA has retained Brent W. Lee & Co., to prepare an independent audit of the financial statement for the year ending December 31, 2024. The MHMUA is responsible for furnishing financial statements and pertinent data for the auditor's review and analysis.

#### VI. Financial Highlights

##### A. Net Position

The MHMUA's net position for the year ended December 31, 2024 was \$70,994,500 which was an increase of \$9,306,484 from 2023. Net position consisted of \$24,650,944 of Net Investment in Capital Assets Net of Related Debt, \$2,763,751 Restricted for Debt Service Reserve, \$1,523,236 Restricted for Future Debt Service, \$4,500,000 Restricted for Renewal & Replacement, \$2,814,274 Restricted for Operating Reserve and \$34,742,295 of Unrestricted and Unreserved Net Position.

## STATEMENT OF NET POSITION

### ASSETS

Current Assets:	<b>2024</b>	<b>2023</b>
Total Unrestricted Current Assets	9,991,229	12,286,598
Total Restricted Current Assets	45,443,317	37,998,418
Net Property, Plant and Equipment	43,847,152	42,509,283
Total Assets	99,281,698	92,794,299
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Total Deferred Outflow of Resources	751,316	962,909
Total Assets and Deferred Outflow of Resources	\$ 100,033,014	\$ 93,757,208

### LIABILITIES

Current Liabilities:		
Total Current Liabilities Payable From Unrestricted Assets	2,254,036	3,938,826
Total Current Liabilities Payable From Restricted Assets	2,284,245	2,284,400
Long-Term Liabilities:		
Total Long-Term Liabilities Payable From Unrestricted Assets	6,173,323	6,823,104
Total Long-Term Liabilities Payable From Restricted Assets	17,138,168	17,676,912
Total Liabilities	27,849,772	30,723,242
<b>DEFERRED INFLOW OF RESOURCES</b>		
Total Deferred Inflow of Resources	1,188,742	1,345,950

### NET POSITION

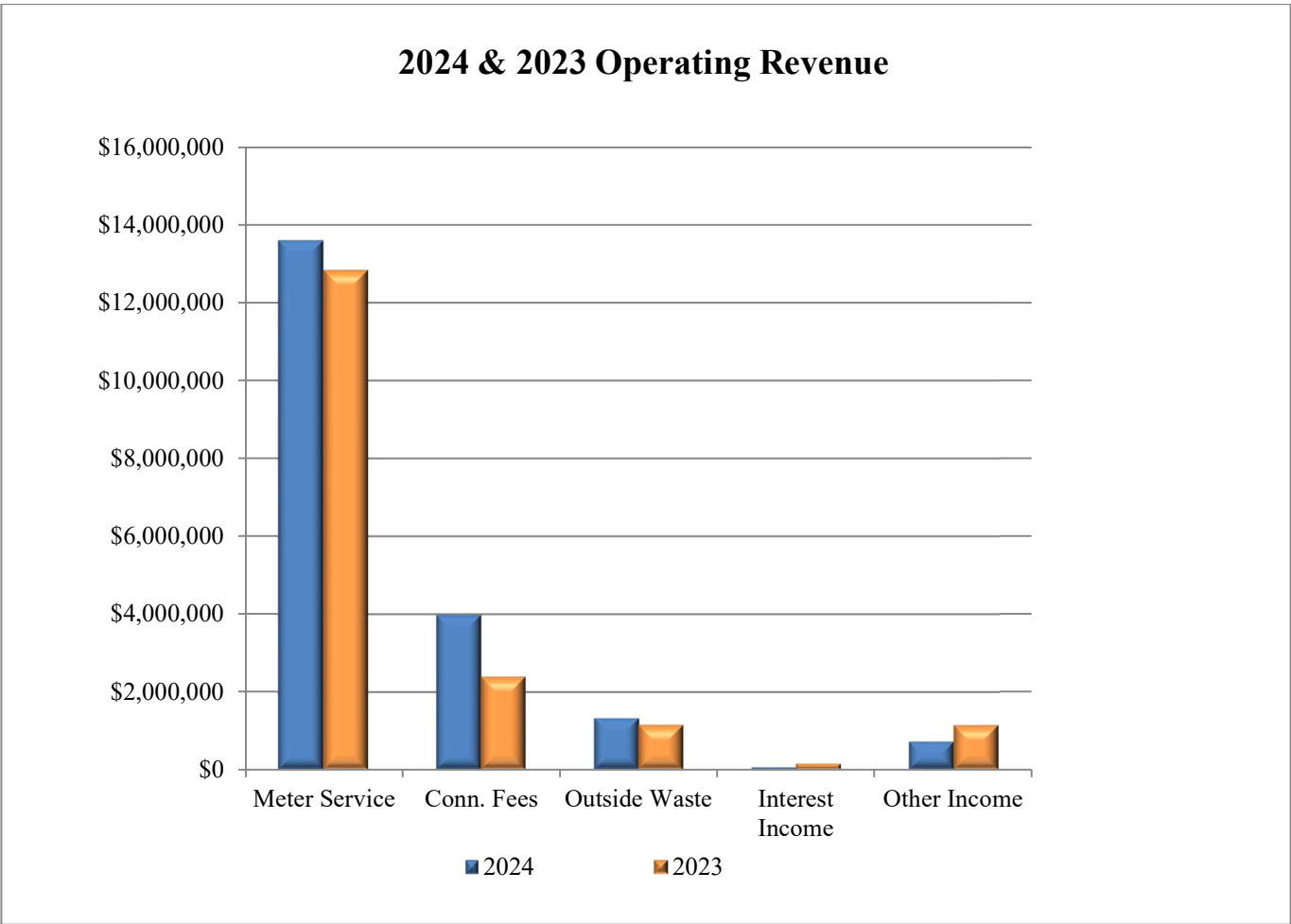
Net Investment in Capital Assets, Net of Related Debt	24,650,944	22,794,670
Restricted for:		
Future Debt Service	1,523,236	1,158,026
Debt Service Reserve	2,763,751	2,811,779
Renewal and Replacement	4,500,000	3,900,000
Operating Reserve	2,814,274	2,638,305
Unrestricted for:		
Unreserved	34,742,295	28,385,236
Total Net Position	70,994,500	61,688,016
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 100,033,014	\$ 93,757,208

B. Revenue

The major source of revenue for the MHMUA is meter service revenue based on the water consumption of residential and commercial ratepayers. Meter service revenue increased by 5.9% in 2024. Total revenues increased from 2023 to 2024 by an amount of \$2,001,804 or 11.3%. This is mainly attributable to the increase in connection fee revenue for 2024 in the amount of \$1,587,872 in addition to the increase in meter service revenue

**Operating Revenue 2024 & 2023**

	2024	2023
Operating Revenues:		
Meter Services	\$ 13,586,653	\$ 12,829,980
Connection Fees	3,982,958	2,395,086
Sludge and Septic Income	1,327,675	1,157,751
Interest Income	67,347	155,479
Other	726,643	1,151,176
Total Operating Revenues	19,691,276	17,689,472

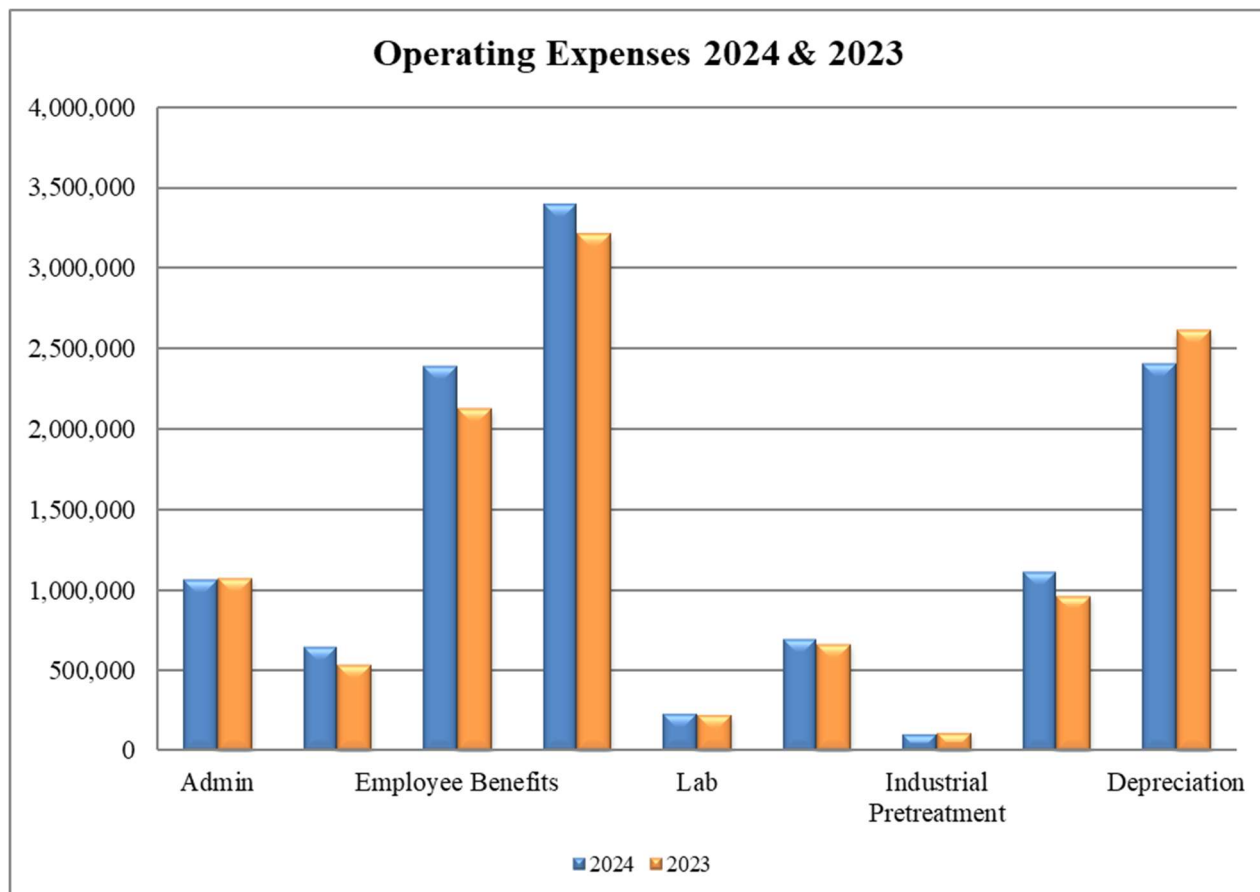


### C. Expenses

Total operating expenses increased by 4.63% in 2024 for a total increase of \$534,172. Office expenses increased \$110,786 or 20.64% due to the Municipal Appropriation increase of \$100,000. Line Maintenance increased by 16.14% due to an additional employee being assigned to the department as well as increased number of repairs being performed. Employee benefits increased by \$260,001 or 6.19% due to increased health care and pension liabilities. All other expenses remained neutral and in line with the overall increase for the year.

#### **Operating Expenses 2024 & 2023**

	2024	2023
Operating Expenses:		
Administrative	1,068,775	1,074,437
Office	647,472	536,686
General - Employee Benefits	2,387,606	2,127,605
Plant	3,395,503	3,206,164
Laboratory	236,692	227,393
Sludge Hauling	695,080	667,340
Industrial Pretreatment	107,229	114,090
Line Maintenance	1,118,262	962,874
Depreciation	2,409,132	2,614,990
Total Operating Expenses	12,065,751	11,531,579



## **BASIC FINANCIAL STATEMENTS**

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024 AND 2023**

**ASSETS**

	<b>2024</b>	<b>2023</b>
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 5,076,982	\$ 7,510,864
Accounts Receivable	2,655,440	2,629,560
Lien Receivable	166,974	184,313
Unbilled Service Charges	2,019,524	1,869,246
Prepaid Expenses	15,524	14,312
Inventory - Treatment Materials and Fuel	56,785	78,303
Total Unrestricted Current Assets	<u>9,991,229</u>	<u>12,286,598</u>
Restricted Assets:		
Cash and Cash Equivalents	45,136,544	37,726,115
Investments	246,335	241,668
Developers' Receivable	60,438	30,635
Total Restricted Current Assets	<u>45,443,317</u>	<u>37,998,418</u>
Capital Assets:		
Property, Plant and Equipment	135,504,671	131,779,292
Less: Accumulated Depreciation	<u>91,657,519</u>	<u>89,270,009</u>
Net Property, Plant and Equipment	<u>43,847,152</u>	<u>42,509,283</u>
Total Assets	<u>99,281,698</u>	<u>92,794,299</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Bond Discount, Net of Accumulated Amortization	64,025	72,084
Related to Pension	595,931	791,661
Related to OPEB	90,992	98,924
Related to Right-of-Use Assets	<u>368</u>	<u>240</u>
Total Deferred Outflow of Resources	<u>751,316</u>	<u>962,909</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 100,033,014</u>	<u>\$ 93,757,208</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.



**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024 AND 2023**

<b>LIABILITIES</b>	<b>2024</b>	<b>2023</b>
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable - Operations	\$ 349,325	\$ 339,473
Accrued Liabilities	277,106	252,420
Compensated Absences Payable	17,349	35,202
Payroll Taxes Payable	1,661	2,040
Sewer Overpayments	1,604	1,123
Pension Payable	583,729	598,335
Unearned Revenue	1,023,262	2,710,233
Total Current Liabilities Payable From Unrestricted Assets	<u>2,254,036</u>	<u>3,938,826</u>
Current Liabilities Payable From Restricted Assets:		
Developers' and Employees' Deposits	126,553	123,373
Accrued Interest Payable	99,652	117,927
Bonds Payable - Current Portion	650,000	625,000
Loan Payable - Current Portion	1,406,372	1,416,182
Lease Payable - Current Portion	1,668	1,918
Total Current Liabilities Payable From Restricted Assets	<u>2,284,245</u>	<u>2,284,400</u>
Long-Term Liabilities Payable From Unrestricted Assets:		
Compensated Absences Payable	238,602	223,978
Post Retirement Benefits Payable	689,439	713,113
Net Pension Liability	5,245,282	5,886,013
Total Long-Term Liabilities Payable From Unrestricted Assets	<u>6,173,323</u>	<u>6,823,104</u>
Long-Term Liabilities Payable From Restricted Assets:		
Contracts Payable	1,631,143	
Bonds Payable (Net of Unamortized Premium)	12,514,652	13,276,499
Loan Payable	2,988,642	4,395,014
Lease Payable	3,731	5,399
Total Long-Term Liabilities Payable From Restricted Assets	<u>17,138,168</u>	<u>17,676,912</u>
Total Liabilities	<u>27,849,772</u>	<u>30,723,242</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Gain on Refunding of Debt	298,000	395,000
Pension Deferred Inflows	630,603	785,334
OPEB Deferred Inflows	260,139	165,616
Total Deferred Inflow of Resources	<u>1,188,742</u>	<u>1,345,950</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	24,650,944	22,794,670
Restricted for:		
Future Debt Service	1,523,236	1,158,026
Debt Service Reserve	2,763,751	2,811,779
Renewal and Replacement	4,500,000	3,900,000
Operating Reserve	2,814,274	2,638,305
Unrestricted for:		
Unreserved	34,742,295	28,385,236
Total Net Position	<u>70,994,500</u>	<u>61,688,016</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 100,033,014</u>	<u>\$ 93,757,208</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
Operating Revenues:		
Meter Services	\$ 13,586,653	\$ 12,829,980
Connection Fees	3,982,958	2,395,086
Sludge and Septic Income	1,327,675	1,157,751
Interest Income	67,347	155,479
Other	726,643	1,151,176
	<hr/>	<hr/>
Total Operating Revenues	19,691,276	17,689,472
	<hr/>	<hr/>
Operating Expenses:		
Administrative	1,068,775	1,074,437
Office	647,472	536,686
General - Employee Benefits	2,387,606	2,127,605
Plant	3,395,503	3,206,164
Laboratory	236,692	227,393
Sludge Hauling	695,080	667,340
Industrial Pretreatment	107,229	114,090
Line Maintenance	1,118,262	962,874
Depreciation	2,409,132	2,614,990
	<hr/>	<hr/>
Total Operating Expenses	12,065,751	11,531,579
	<hr/>	<hr/>
Operating Income	7,625,525	6,157,893
	<hr/>	<hr/>
Nonoperating Revenue/(Expenses):		
Interest Income	2,078,679	1,552,590
Gain/(Loss) on Sale or Disposal of Assets		1,196
Unrealized Gain/(Loss) on Investment	4,495	(173)
Interest Expense	(752,323)	(817,791)
Reserve for Future Unemployment	320	6,017
Amortization of Gain on Refunding Debt	97,000	99,000
Amortization of Premium/(Original Issue Discount)	103,788	103,788
	<hr/>	<hr/>
Total Nonoperating Revenue/(Expenses)	1,531,959	944,627
	<hr/>	<hr/>
Income/(Loss) Before Capital Contributions	9,157,484	7,102,520
	<hr/>	<hr/>
Capital Contributions	149,000	
	<hr/>	<hr/>
Change in Net Position	9,306,484	7,102,520
Net Position - Beginning of Year	61,688,016	54,585,496
	<hr/>	<hr/>
Net Position - End of Year	<u>\$ 70,994,500</u>	<u>\$ 61,688,016</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
Cash Flows From Operating Activities:		
Receipts From Service Users	\$ 17,815,683	\$ 20,630,220
Payments to Suppliers & Employees	(10,193,021)	(10,417,775)
Net Cash Provided/(Used) by Operating Activities	<u>7,622,662</u>	<u>10,212,445</u>
Cash Flows From Investing Activities:		
Interest on Investments	2,078,679	1,552,590
(Purchase)/Maturities of Investments	(172)	195,586
Acquisition of Property, Plant & Equipment	(1,911,245)	(982,033)
Net Cash Provided by Investing Activities	<u>167,262</u>	<u>766,143</u>
Cash Flows From Financing Activities:		
Principal Paid on Leases	(1,918)	(1,068)
Principal Paid on Loans	(1,416,182)	(1,411,859)
Principal Paid on Bonds	(625,000)	(590,000)
Interest Paid	(770,597)	(834,545)
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>(2,813,697)</u>	<u>(2,837,472)</u>
Cash Flows from Noncapital Financing Activities:		
Unemployment Activity	<u>320</u>	<u>6,017</u>
Net Cash Provided for Noncapital Financing Activities	<u>320</u>	<u>6,017</u>
Net Increase in Cash & Cash Equivalents	4,976,547	8,147,133
Cash and Cash Equivalents at January 1	<u>45,236,979</u>	<u>37,089,846</u>
Cash and Cash Equivalents at December 1	<u>\$ 50,213,526</u>	<u>\$ 45,236,979</u>

**Reconciliation of Net Income to Cash Provided/ (Used) by Operating Activities:**

Operating Income/(Loss)	\$ 7,625,525	\$ 6,157,893
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Activities:		
Depreciation	2,409,132	2,614,990
(Increase)/Decrease in Assets :		
Accounts Receivable	(8,541)	235,534
Unbilled Service Charges	(150,278)	(3,102)
Prepaid Expenses	(1,212)	(998)
Inventory	(21,518)	6,583
Developers' Receivable	(29,803)	(1,917)
Increase/(Decrease) in Liabilities:		
Accounts Payable	(525,603)	(1,529,334)
Accrued Liability	26,604	30,079
Compensated Absences Payable	(17,853)	7,601
Unearned Revenue	(1,686,971)	2,710,233
Developers' and Employees' Deposits	<u>3,180</u>	<u>(15,117)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 7,622,662</u>	<u>\$ 10,212,445</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Mount Holly Municipal Utilities Authority have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

**A. Reporting Entity:**

The Authority was created by an ordinance adopted July 11, 1946, by the Township Committee of the Township of Mount Holly under the Sewerage Authorities Law, constituting Chapter 138 of the Pamphlet Laws of the 1946 of the State of New Jersey, approved April 23, 1946 and as amended by Revised Statutes Title 40 Chapter 14A, Sections 1 to 37.

The Authority was established to provide for the public health and welfare, with all necessary or proper powers to acquire, construct, maintain, operate or improve works for the collection, treatment, purification or disposal of sewerage or other wastes and to provide for sewerage services designed to relieve pollution of the waters in, bordering or entering the Township of Mount Holly and the Participants – Eastampton, Hainesport, Lumberton, Westampton and portions of Moorestown in compliance with the Sewer Authority Act, the Federal Water Pollution Control Act, the Authority's covenants with bondholders and its regulations.

The 1978 Service Contract, as amended on December 30, 1998, with the Township of Mount Holly requires the Authority to perform its duties within the covenants of that contract and to pay an annual fee of \$30,000 to the Township for as long as the contract is in effect. In return the Township is obligated to advance payment for any deficiencies incurred by the Authority with respect to debt service requirements until such time as the Authority can make repayment.

The Authority is a component unit of the Township of Mount Holly as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of a service contract between the Authority and the Township. These financial statements would be either blended or discreetly present as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

The New Jersey Department of Environmental Protection (DEP) in accordance with the New Jersey Water Pollution Control Act regulates the Authority. The Authority operates under a New Jersey Pollutant Discharge Elimination System Permit. The current permit took effect on April 1, 2016 and expires March 31, 2021. The renewal permit, in accordance with N.J.A.C. 7:14A-2.8 is "administratively continued" until final determination which was received on February 20, 2025. The new permit is effective April 1, 2025, and expires March 31, 2030. The Authority is operated in accordance with regulations of the State of New Jersey, Department of Community Affairs, and Division of Local Government Services.

**B. Basis of Presentation**

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

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation (continued):**

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements:

The following GASB Statements became effective for the year ended December 31, 2024:

Statement No. 100, *Accounting Changes and Error Corrections*. Statement No. 100 improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Management does not expect this Statement to have a material impact on the Authority's financial statements.

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management does not expect this Statement to have a material impact on the Authority's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following statements which will become effective in future fiscal years as shown below:

Statement No. 102, *Certain Risk Disclosures*. Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or reporting units that report liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Statement No. 102 is effective for fiscal years beginning after June 15, 2024. Management has not yet determined the potential impact on the Authority's financial statements.

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Recently Issued Accounting Pronouncements (continued):

Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Statement No. 103 is effective for fiscal years beginning after June 15, 2025. Management has not yet determined the potential impact on the Authority's financial statements.

Statement No. 104, *Disclosure of Certain Capital Assets*. Statement No. 104 provides users of government financial statements with essential information about certain types of capital assets. Statement No. 104 is effective for reporting periods beginning after June 15, 2025. Management has not yet determined the potential impact on the Authority's financial statements.

**C. Budgetary Data:**

The Mount Holly Municipal Utilities Authority must adopt an annual budget in accordance with *N.J.A.C.5:31-2*. *N.J.A.C.5:31-2* requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year.

The legal level of budgetary control is established at the detail shown on the Statement of Revenue, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected.

**D. Prepaid Items:**

Prepaid balances are for payments made by the Authority in the current year for insurance coverage and computer software maintenance in the subsequent fiscal year.

**E. Inventory:**

Inventory consists of fuel and chemicals for the treatment of sewage and sludge and is stated at cost determined on a first-in, first-out basis.

**F. Contributed Capital:**

Contributed Capital consists primarily of sewer lines and pumping stations constructed by local developers and donated to the Authority. These items are recorded at estimated fair market value. The sewer lines and pumping stations are recorded as contributed capital in the period received.

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Contributed Capital (continued):**

The following is a reconciliation of the Contributed Capital account for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Balance at January 1,	\$48,968,272	\$48,968,272
Additions	<u>149,000</u>	<u>-</u>
Balance at December 31,	49,117,272	48,968,272
Accumulated Depreciation	<u>(46,710,211)</u>	<u>(46,169,380)</u>
Net Contributed Capital at December 31,	<u>\$ 2,407,061</u>	<u>\$ 2,798,892</u>

**G. Capital Assets:**

Property, Plant and equipment owned by the Authority are recorded at cost or, if contributed property, at their fair market value at the time of contribution and includes certain infrastructure assets such as the sanitary sewerage lines. Repairs and maintenance are recorded as expenses. The Authority capitalized interest on significant capital projects that are expected to be under construction for more than one year.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Treatment Plants, Pumping Stations & Other Structures	20-50 years
Office Equipment	5-20 years
Rolling Equipment	5-20 years
Plant Equipment	10-20 years

**H. Compensated Absences**

Authority employees are granted vacation and sick leave in varying amounts under the Authority's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation at their current rate of pay. Payment for accumulated sick days is available to employees who reach retirement age under the state pension system. Upon retirement, an employee shall be reimbursed for fifty percent of accumulated unused sick leave up to a maximum payment of \$10,000 for union supervisors and for regular union workers.

The total compensated absences liability is recorded as an expense. A current liability is recorded for the value of the accrual. The amount of accrual for compensated absences as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
	<u>Accrued Salaries</u>	<u>Payroll Taxes</u>
Sick Time	\$ 89,423	\$ 63,687
Vacation Time	<u>148,339</u>	<u>177,074</u>
Total	<u>\$237,762</u>	<u>\$18,418</u>



**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Leases**

The Authority is currently a lessee of a mail machine. The Authority recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability Right-of-Use Asset in the Authority’s financial statements based on the criteria dictated in GASB Statement No. 87 – Leases.

**J. Revenues and Unbilled Services:**

Revenues include connection fees and user consumption charges payable by residential and commercial customers in the Townships of Mount Holly, Eastampton, Hainesport, Lumberton, Westampton and portions of Moorestown charged in accordance with the Service Agreements between the Townships and the Authority. Unbilled services are determined from metered and sludge sewerage services billed in the following year for services rendered through December 31 of the preceding year.

In accordance with the Authority’s 1978 Service Contract with Mount Holly as amended as of December 30, 1998 five-sixths (5/6) of all connection fee income received by the Authority is applied solely to debt service on the Authority bonded debt. The remaining one-sixth (1/6) is allocated to unbonded system improvements.

**K. Bond Discounts/Premiums:**

Bond premiums and discounts are deferred and amortized over the term of the bonds using straight line method.

	<b>2024 Amortization</b>	<b>Accumulated Amortization</b>	<b>Unamortized Balance</b>
Bond Discount	\$ 8,059	\$ 97,146	\$ 64,025
Bond Premium	\$ 111,847	\$ 927,286	\$1,309,652

**L. Net Position**

Net Position is distributed into the following two categories:

**Restricted** – represents earnings that are set aside as required by the Authority’s Bond Resolution. Reserved net position include amounts set aside for renewals and replacements, debt service reserve, future debt service, operating reserve and future arbitrage payments when applicable.

**Unrestricted** – represents cumulative earnings that are currently available and may be appropriated for any lawful purpose.

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Unrestricted and Restricted Accounts**

In accordance with the bond resolution, the Authority has established the following funds:

1. **Revenue Fund** – All revenues collected by the Authority are to be deposited daily, if practical, in the name of the trustee in this fund.
2. **Operating Fund** – Transfers are to be made from the revenue fund to the operating fund to pay all necessary amounts for the operating, maintenance, or repair of the sewer systems. The balance in the operating fund shall not be less than three whole months or more than six whole months of the Annual Budget adopted by the Authority.
3. **Debt Service Fund** – To accumulate funds for the payment of principal and interest on bonds coming due during the current fiscal year.
4. **Debt Reserve Fund** – To accumulate funds to equal the greatest amount of each respective debt service due in any future year. The current bond reserve requirement is \$2,758,903.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Authority is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2024 and 2023, and reported at fair value are as follows:

<u>Type</u>	<b>2024 Carrying Value</b>	<b>2023 Carrying Value</b>
<b>Deposits</b>		
Demand Deposits	\$50,213,526	\$45,236,979
Investments	<u>246,335</u>	<u>241,668</u>
Total Deposits	<u>\$50,459,861</u>	<u>\$45,478,647</u>
 <b>Reconciliation of Statements of Net Position</b>		
Current:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 5,076,982	\$ 7,510,864
Restricted Assets:		
Cash and Cash Equivalents	45,136,544	37,726,115
Investments	<u>246,335</u>	<u>241,668</u>
Total	<u>\$50,459,861</u>	<u>\$45,478,647</u>

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**(A Component Unit of Mount Holly Township, New Jersey)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2: 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 December 31, 2024 and 2023, the Authority's bank balance of \$50,231,882 and \$45,254,728 respectively, was insured or collateralized as follows:

**NOTE 3: INVESTMENTS**

	<u>2024</u>	<u>2023</u>
Insured	\$ 500,000	\$ 500,000
Collateralized in the Authority's name under GUDPA	<u>49,731,882</u>	<u>44,754,728</u>
Total	<u>\$ 50,231,882</u>	<u>\$ 45,254,728</u>

**A. Custodial Credit Risk** - For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the 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.

**B. Investment Interest Rate Risk** - 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. Maturities of investment held at December 31, 2023 and 2022 are provided in the above schedule.

**C. Investment Credit Risk** - The Authority has an investment policy established in Cash Management Plan:

1. Pursuant to N.J. S.A. 40A:5-15.1, the Authority hereby authorizes the following type of securities to be purchased on its behalf:
  - a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
  - b. Government money market mutual funds;
  - c. Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
  - d. Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;

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**NOTE 3: INVESTMENTS (continued):**

- e. 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;
- f. Local Governments investment pools;
- g. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- h. Agreements for the repurchase of fully collateralized securities with certain limitations.
- 1. (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection A herein;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral.
- 2. Any investment instruments in which the security is not physically held by the Authority shall be covered by a third-party custodial agreement which shall provide for the designation of such investments in the name of the Authority and prevent unauthorized use of such investments;
- 3. Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the Authority or a third party custodian prior to or upon the release of the Authority's funds.
- 4. Any investments not purchased and redeemed directly from the issuer, government money market mutual fund, local government investment pool, or the State of New Jersey Cash Management Fund, shall be purchased and deemed through the use of a national or State bank located within this State or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to section 9 of P.L.1967, c. 93 (C.49:3-56) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

As of December 31, 2024 and 2023, the Authority had the following investments and maturities:

<u>Investment</u>	<u>2024</u> <u>Fair Value</u>	<u>2023</u> <u>Fair Value</u>
<b>Government Obligations</b>	<b><u>\$ 246,335</u></b>	<b><u>\$ 241,668</u></b>

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**NOTE 4: ACCOUNTS RECEIVABLE:**

Accounts receivable at December 31, 2024 and 2023 consisted of the following:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Accounts Receivable – Customers	\$2,655,440	\$2,629,560
Lien Receivable	<u>166,974</u>	<u>184,313</u>
Total	<u><u>\$2,822,414</u></u>	<u><u>\$2,813,873</u></u>

**NOTE 5: CAPITAL ASSETS:**

The following is a summary of changes in the Authority's property, plant and equipment for the years ended December 31, 2024 and 2023:

<u><b>Description</b></u>	<u><b>Balance December 31, 2023</b></u>	<u><b>Additions</b></u>	<u><b>Adjust/ Deletions</b></u>	<u><b>Balance December 31, 2024</b></u>
Land	\$ 908,612			\$ 908,612
Construction-in-Progress	<u>-</u>	<u>2,477,863</u>		<u>2,477,863</u>
Total Assets Not Being Depreciated	<u>908,612</u>	<u>2,477,863</u>		<u>3,386,475</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings & Improvements	116,149,727	532,098	6,000	116,687,825
Equipment	5,693,687	344,285	(25,035)	6,012,937
Engineering & Other Costs	9,018,881	392,754	(2,586)	9,409,049
Right of Use Assets	<u>8,385</u>			<u>8,385</u>
Total Assets Being Depreciated	<u>130,870,680</u>	<u>1,269,137</u>	<u>(21,621)</u>	<u>132,118,196</u>
<u>Less: Accumulated Depreciation<sup>4</sup></u>				
Building & Improvements	(76,687,343)	(2,017,880)	22,920	(80,682,303)
Equipment	(2,678,608)	(313,390)	(1,299)	(2,993,297)
Engineering & Other Costs	(7,902,381)	(76,184)		(7,978,565)
Right of Use Assets	<u>(1,677)</u>	<u>(1,677)</u>		<u>(3,354)</u>
Total Accumulated Depreciation	<u>(89,270,009)</u>	<u>(2,409,131)</u>	<u>21,621</u>	<u>(91,657,519)</u>
Net Capital Assets Being Depreciated	<u>41,600,671</u>	<u>(1,139,994)</u>	<u>-</u>	<u>40,460,677</u>
Total Capital Assets	<u><u>\$ 42,509,283</u></u>	<u><u>1,337,869</u></u>	<u><u>-</u></u>	<u><u>\$ 43,847,152</u></u>

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**NOTE 5: CAPITAL ASSETS (continued):**

<u>Description</u>	<u>Balance December 31, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2023</u>
Land	\$ 908,612			\$ 908,612
<u>Capital Assets Being Depreciated:</u>				
Buildings & Improvements	115,659,585	490,142		116,149,727
Equipment	5,325,302	369,685	(1,300)	5,693,687
Engineering & Other Costs	8,879,322	139,559		9,018,881
Right-of-Use-Assets		8,385		8,385
Total Assets Being Depreciated	<u>129,864,209</u>	<u>1,007,771</u>	<u>(1,300)</u>	<u>130,870,680</u>
<u>Less: Accumulated Depreciation:</u>				
Building & Improvements	(76,409,458)	(2,277,885)		(76,687,343)
Equipment	(2,408,138)	(271,770)	1,300	(2,678,608)
Engineering & Other Costs	(7,838,723)	(63,658)		(7,902,381)
Right-of-Use-Assets		(1,677)		(1,677)
Total Accumulated Depreciation	<u>(86,656,319)</u>	<u>(2,614,990)</u>	<u>1,300</u>	<u>(89,270,009)</u>
Net Capital Assets Being Depreciated	<u>43,207,890</u>	<u>(1,607,219)</u>	<u>-</u>	<u>41,600,671</u>
Total Capital Assets	<u>\$ 44,116,502</u>	<u>(1,607,219)</u>	<u>-</u>	<u>\$ 42,509,283</u>

**NOTE 6: LONG-TERM DEBT**

**Outstanding Debt**

The following is a summary of long-term debt at December 31, 2024 and 2023:

	<u>Balance 12/31/23</u>	<u>Issued/ Adjustments</u>	<u>Retired</u>	<u>Balance 12/31/24</u>	<u>Amounts Due Within One Year</u>
Contracts Payable	\$ -	1,631,143		1,631,143	\$ -
Bonds Payable	12,480,000		(625,000)	11,855,000	650,000
Unamortized Bond Premium	1,421,500		(111,848)	1,309,652	111,847
Post retirement Benefits	713,113		(23,674)	689,439	
Compensated Absences Payable	-	291,153	(35,202)	255,951	17,349
Lease Payable	7,317		(1,918)	5,399	1,668
Loan Payable	5,811,196		(1,416,182)	4,395,014	1,406,372
Net Pension Liability	<u>5,886,013</u>	<u>541,333</u>	<u>(598,335)</u>	<u>5,829,011</u>	<u>583,729</u>
<b>Long Term Liabilities</b>	<u>\$26,319,139</u>	<u>2,463,629</u>	<u>(2,812,159)</u>	<u>25,970,609</u>	<u>\$ 2,770,965</u>

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**NOTE 6: LONG-TERM DEBT (continued):**

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Due Within One Year
Bonds Payable	\$ 13,070,000		(590,000)	12,480,000	\$ 625,000
Unamortized Bond Premium	1,533,346		(111,846)	1,421,500	111,847
Post Retirement Benefits	643,355	69,758		713,113	-
Loan Payable	7,223,055		(1,411,859)	5,811,196	1,416,182
Lease Payable	-	7,317		7,317	1,918
Net Pension Liability	5,864,768	555,994	(534,749)	5,886,013	598,335
<b>Long Term Liabilities</b>	<b>\$ 28,334,524</b>	<b>633,069</b>	<b>(2,648,454)</b>	<b>26,319,139</b>	<b>\$ 2,753,282</b>

**A. 2018 Sewer Revenue Refunding Bonds – Series of 2018:**

On July 10, 2018 the Authority issued the 2018 Sewer Revenue Refunding Bonds, Series of 2018. The proceeds of the 2018 Bonds will be used to: (i) currently refund all of the Authority's outstanding Sewer Revenue Bonds, Series of 1998, maturing on December 1 in the years 2018 through and including 2028, in the principal amount of \$3,510,000 (1998 Refunded Bonds), for the purpose of achieving debt service savings; (ii) currently refund all of the Authority's outstanding Sewer Revenue Bonds, 2007 Series C, maturing on December 1 in the years 2018 through and including 2037, in the principal amount of \$12,610,000 (2007C Refunded Bonds, and together with the 1998 Refunded Bonds, the Refunded Bonds), for the purpose of achieving debt service savings; (iii) fund a required deposit to the Debt Service Reserve Fund pursuant to the Resolution; and (iv) pay certain costs associated with the issuance of the 2018 Bonds.

The amount of the Sewer Revenue Refunding Bonds was \$15,710,000 and the Bonds were delivered July 24, 2018.

<u>Issue</u>	<u>Initial Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Principal Balance Outstanding</u>
2018 Sewer Revenue Refunding Bonds	07/24/2018	12/1/2037	3.375% to 5.00%	<u><b>\$15,710,000</b></u>	<u><b>\$11,855,000</b></u>

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**NOTE 6: LONG-TERM DEBT (continued):**

The following summary detailing the schedule of outstanding bonds by year and the annual debt principal and interest requirements for each:

<b><u>Year Ending December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	<b><u>Rate of Interest</u></b>
2025	\$ 650,000	\$ 577,881	\$ 1,227,881	5.0%
2026	685,000	545,381	1,230,381	5.0%
2027	725,000	511,131	1,236,131	5.0%
2028	1,905,000	474,881	2,379,881	5.0%
2029	1,675,000	379,631	2,054,631	5.0%
2030	650,000	295,881	945,881	5.0%
2031	685,000	263,381	948,381	5.0%
2032	720,000	229,131	949,131	5.0%
2033	755,000	193,131	948,131	5.0%
2034	790,000	155,381	945,381	5.0%
2035	830,000	115,881	945,881	5.0%
2036	870,000	74,381	944,381	5.0%
2037	<u>915,000</u>	<u>30,881</u>	<u>945,881</u>	3.375%
Total	<u>\$11,855,000</u>	<u>\$ 3,846,953</u>	<u>\$15,701,953</u>	

Pursuant to an Escrow Deposit Agreement to be dated the date of issuance of the 2018 Bond (Escrow Agreement), by and between the Authority and the Trustee, as escrow agent (Escrow Agent), the proceeds of the 2018 Bonds shall be sufficient to optionally redeem on August 28, 2018 (Redemption Date) the Refunded Bonds at a Redemption Price equal to 100% of the principal amount thereof, plus interest accrued thereon to the Redemption Date. All moneys deposited in the Escrow Fund for the payment of the Refunded Bonds will be pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds.

**Redemption Provisions**

The 2018 Bonds maturing prior to December 1, 2026 are not subject to redemption prior to their stated maturity dates. The 2018 Bonds maturing on and after December 1, 2026 are subject to redemption prior to their stated maturity dates at the option of the Authority, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Authority shall determine and within any such maturity by lot) on any date on or after December 1, 2025, at a redemption price equal to 100% of the principal amount of 2018 Bonds to be redeemed, plus accrued interest to the redemption date.

**Notice of Redemption**

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every 2018 Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Paying Agent. So long as the 2018 Bonds are issued in book-entry-only form, all notices of redemption will be only to the Depository Trust Company (DTC), the securities depository for the 2018 Bonds or any successor, and will not be sent to the beneficial owners of the 2018 Bonds.



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**NOTE 6: LONG-TERM DEBT (continued):**

**Notice of Redemption (continued):**

Failure of an owner of the 2018 Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the 2018 Bonds shall not affect the validity of any proceedings for the redemption of 2018 Bonds. Such notice shall specify: (i) the series and maturity of the 2018 Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the 2018 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the 2018 Bonds to be redeemed; (iv) in the case of a 2018 Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each 2018 Bond or portion thereof to be redeemed the redemption price; and (vi) that from after the redemption date interest on such 2018 Bond or portion thereof to be redeemed shall cease to accrue and be payable.

**B. New Jersey Environmental Infrastructure Trust and Fund Loan- Construction Project**

The Authority has determined there exists a need within its service area to undertake various capital improvements to its System, including reconstruction of its central treatment plant and rehabilitation of various water mains, all as more particularly describe in the report prepared therefore by the Authority's Consulting Engineer as further defined in that certain Loan Agreement to be entered into between the Authority and the New Jersey Wastewater Treatment Trust and that certain Loan Agreement to be entered into between the Authority and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, all pursuant to the 2007 New Jersey Environmental Infrastructure Trust financing program; and on November 9, 2006, the Authority adopted a note resolution pursuant to which the Authority has heretofore issued its Project Notes, Series 2006 to temporarily finance a portion of the 2007 Project; and on July 12, 2007, the Authority adopted a note resolution pursuant to which the Authority will issue its Project Notes, Series 2007 to temporarily finance a portion of the 2007 Project; and the Authority has determined to finance a portion of the acquisition, construction, renovation or installation of the 2007 Project with the proceeds of a loan to be made by each of the Trust and the State pursuant to the Trust Loan Agreement and the Fund Loan Agreement, respectively. During 2015 the Authority did not utilize the entire Trust funding portion of the 2007A NJEIT Loan and the New Jersey Infrastructure Trust forgave and refunded bonds, Series 2015A-R1, to the Authority that resulted in a \$1,036,000 gain on refunding of bonds amortized over twelve years.

The following summary details the schedule of outstanding loans by year and the annual loan principal requirement for each:

	<u>NJEIT TRUST LOAN</u>			<u>NJEIT FUND LOAN</u>	<u>TOTAL</u>
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Rate of Interest</u>	<u>Principal</u>	<u>Principal</u>
2025	\$ 751,000	\$ 118,450	4.5%	\$ 627,372	\$ 1,378,372
2026	786,000	80,813	4.5%	625,264	1,411,264
2027	<u>825,000</u>	<u>40,281</u>	4.2%	<u>625,378</u>	<u>1,450,378</u>
Total	<u>\$ 2,362,000</u>	<u>\$ 239,544</u>		<u>\$ 1,878,014</u>	<u>\$ 4,240,014</u>

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**NOTE 6: LONG-TERM DEBT (continued):**

**C. New Jersey Environmental Infrastructure Trust and Fund Loan- Edward Street Pump Station**

On March 10, 2011, the Authority borrowed \$1,950,000 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The “Fund” (Federal Funds) portion of the Bond Issue, \$1,470,000, was issued with no interest rate. The remaining Bonds mature semi- annually from August 1, 2011 through August 1, 2029 at maturities ranging from \$49,831 to \$74,746. On May 24, 2012, \$399,363 was de-obligated by the State of New Jersey from the NJEIT Fund Loan.

The “Loan” (State Funds) portion of the Bond Issue, \$480,000, the remaining bonds mature annually from August 1, 2011 through 2029 at annual maturities ranging from \$15,000 to \$35,000 and bear interest at rates ranging from 3.00% to 5.00%.

The following summary details the schedule of outstanding loans by year and annual loan principal requirement for each:

<u><b>NJEIT TRUST LOAN</b></u>			
<u><b>Year</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Rate of Interest</b></u>
2025	\$ 28,000	\$ 6,200	4.0%
2026	28,000	5,080	4.0%
2027	33,000	3,960	4.0%
2028	33,000	2,640	4.0%
2029	<u>33,000</u>	<u>1,320</u>	4.0%
Total	<u>\$155,000</u>	<u>\$ 19,200</u>	

**D. Leases**

The Authority entered into a right-to-use lease arrangement for a mail machine during 2022 with a 5 year term and an interest rate of 7.50%. The Authority is required to make monthly principal and interest payments. The Authority leases the mail machine under a long term, noncancelable lease agreement. The lease expires December 29, 2027 with no renewal option.

**NOTE 7: PENSION NOTE**

**Description of System and Vesting**

All eligible authority employees participate in the contributory defined benefit public employee retirement system established by state statute. The Public Employees Retirement System (PERS) is sponsored and administered by the State of New Jersey and considered a cost-sharing multiple employer plan.

The Public Employees’ Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system.

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**NOTE 7: PENSION NOTE (continued):**

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

<b><u>Tier</u></b>	<b><u>Definition</u></b>
--------------------	--------------------------

- |   |  |
|---|--|
| 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 21, 2010 |
| 4 | Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011          |
| 5 | Members who were eligible to enroll on or after June 28, 2011                              |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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.

At December 31, 2024 the Authority reported a liability of \$5,829,011 for its proportionate share of the net pension liability as measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The authority elected to record \$583,729 as current pension liability from the above amount. The authority's proportion of the net pension liability was based on a projection of the authority's long – term share of contributions to the pension plan relative to the projected contributions of all participating authorities, actuarially determined. At June 30, 2024, the authority's proportion was .0428980832% which slightly increased by .00187% from its proportion measured as of June 30, 2023.

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

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**NOTE 7: PENSION NOTE (continued):**

For the year ended December 31, 2024 and 2023 the Authority recognized pension expense of \$598,335 and \$534,749, respectively. At December 31, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference Between Expected and Actual Experience	116,766	15,518	\$ 61,999	26,506
Changes of Assumptions	7,241	66,321	14,245	392,979
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		270,275	29,861	
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	471,924	278,489	685,556	365,849
Authority Contributions Subsequent to The Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 595,931</u>	<u>\$ 630,603</u>	<u>\$ 791,661</u>	<u>\$ 785,334</u>

\$595,931 and \$791,661 will be reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the years ended December 31, 2024 and 2023 respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as shown below. The amounts represent the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources.

Year ended December 31 :		Year ended December 31 :	
2025	\$ (247,486)	2024	\$ (342,349)
2026	191,497	2025	(191,086)
2027	(110,172)	2026	267,030
2028	(63,601)	2027	(47,788)
2029	1,655	2028	813
Thereafter	<u>                    </u>	Thereafter	<u>-</u>
Total	<u>\$ (228,107)</u>	Total	<u>\$ (313,380)</u>

***Changes in Proportion***

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21 years for the 2024, 2023, 2022, 2021, 2020, and 2019, respectively.

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**NOTE 7: PENSION NOTE (continued):**

***Additional Information***

Collective local balances at December 31, 2024 and 2023 are as follows

	<u>12/31/2024</u>	<u>12/31/2023</u>
Collective Deferred outflows of resources	\$ 595,931	\$ 791,661
Collective Deferred inflows of resources	630,603	785,334
Collective net pension liability	5,829,011	6,484,348
Authority's Proportion	0.04290%	0.04477%

***Actuarial Assumptions***

The total pension liability in the June 30, 2024 and 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

	<u><b>2024</b></u>		<u><b>2023</b></u>
Inflation Rate		Inflation Rate	
Price	2.75%	Price	2.75%
Wage	3.25%	Wage	3.25%
Salary Increases:	2.75 – 6.55%	Salary Increases:	2.75 – 6.55%
	Based on Years		Based on Years
	of Service		of Service
Investment Rate of Return	7.00%		7.00%

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

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 and 2023 are summarized in the following tables:

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**NOTE 7: PENSION NOTE (continued):**

Asset Class	2024 Target Allocation	2024 Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Asset Class	2023 Target Allocation	2023 Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2024 and 2023, respectively. 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

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**NOTE 7: PENSION NOTE (continued):**

contributions from employers and the non-employer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2024 and 2023, respectively, 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:

<b>2024</b>			
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Authority's Proportionate Share of Net Pension Liability	\$ 7,745,323	\$ 5,829,011	\$ 4,198,240

<b>2023</b>			
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Authority's Proportionate Share of Net Pension Liability	\$ 8,441,241	\$ 6,484,348	\$ 4,818,773

***Special Funding Situation***

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 66, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. The Authority elected not to record the associated revenue and expenditure on their financial statements however, the non-employer contribution amount for the year ended December 31, 2024 is \$18,793 with an employer proportionate share of .0430962753%.

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**NOTE 7: PENSION NOTE (continued):**

Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.50%, effective October 1, 2018 of employees' annual compensation as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The Authority's contributions to P.E.R.S. for the years ending December 31, 2024 and 2023 was \$583,723 and \$598,335 respectively.

Additional detailed information about the pension plan is available in the separately issued State of New Jersey Public Employees' Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts by Employer at <http://www.nj.gov/treasury/pensions/gasb-68-rpts.shtml>

**NOTE 8: JOINT INSURANCE FUND**

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

Workers' Compensation and Employer's Liability  
Liability other than Motor Vehicles  
Property Damage other than Motor Vehicles  
Motor Vehicles  
Crime, which includes Employee Dishonesty  
Environmental Legal Liability

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

The Fund publishes its own financial reports each year, which may be obtained from:

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



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**NOTE 9: RETIREE HEALTH BENEFIT COVERAGE**

The Authority provides health care benefits to its eligible retired employees. In order for a retiree to be eligible to receive retirement benefits from the Authority the following conditions must be met:

- A. Retire with 30 or more years of service with the Authority.
- B. Retiree must be 55 years or older at the time of retirement.

Eligible retirees meeting the above requirements cannot have hospitalization insurance from another source. Retiree health benefits terminate when the retired employee is eligible for Medicare or dies. Employees receiving retiree health benefits must notify the Authority in writing, with proof of enrollment, when they become eligible for Medicare Parts A and B. The maximum contribution by the Authority for retiree health benefits is \$8,500 per year per eligible retiree.

As a result of implementing GASB statement No. 75 *Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans* ("OPEB") the Authority has hired an independent actuarial firm, Cirkel Actuarial Consulting, LLC, to calculate their annual OPEB costs and unfunded accrued liability as required by GASB 75. (This actuarial report was not audited and the Authority does not plan on having an audit performed on this report). The actuarial cost method used to determine the Plan's funding requirements is the "Entry Age Normal Funding" method. Under this method, the cost of each individual's health benefit is allocated on a level percent of payroll between the time employment starts (entry age) and the assumed retirement date. The goal is to spread the cost over the career of the member as a level percentage of payroll. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits, which is allocated to service in the current plan year for each active participant under the assumed retirement age. The normal cost amount is expected to increase annually at the discount rate, currently 4.08% for 2024 and 3.26% for 2023.

**Basis of Valuation**

The valuation has been conducted based on census, plan design and financial information provided by the Fund. Census includes one (1) retiree currently receiving retiree benefits, and thirty-nine (39) active participants of whom three (3) is eligible to retire as of the valuation date. The average age of the active population is forty-five (45) and the average age of the retiree population is 56.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to *Statement of Governmental Accounting Standard No. 75*.

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

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from June 30, 2023 report from Aon Consultants.

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**NOTE 9: RETIREE HEALTH BENEFIT COVERAGE (continued):**

**Results of Valuation**

*Total OPEB Liability and OPEB Liability*

The total OPEB Liability (TOL) is the actuarial accrued liability. The Net OPEB Liability (NOL) is the TOL less the Fiduciary Net Position (assets). Since there are no assets to offset the liability, the two are equal. The components of the Net OPEB Liability as of December 31, 2024, are as follows:

Total OPEB Liability	\$689,439
Plan Fiduciary Net Position	<u>- 0 -</u>
Net OPEB Liability	\$689,439
Net Position/OPEB Liability	0%

*Total OPEB Expense*

The Total OPEB Expense (TOE) is the measurement of annual cost based on the actuarial funding method utilized. It is comprised of the Service Cost (normal cost) which is the portion of future liabilities attributable to the measurement year, plus the recognized portion of the experience gain or loss, and interest on the NOL during the year.

*Sensitivity – Impact of 1% Change in Discount Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase 1% per annum, the NOL would decrease and if it were to decrease by 1% the NOL would increase. The following presents the net OPEB liability as of December 31, 2024 and 2023 respectively, calculated using the discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<b>2024</b>			
	<u>At 1% Decrease (4.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>At 1% Increase (5.08%)</u>
Authority's Net OPEB Liability	\$772,231	\$689,439	\$622,629
<b>2023</b>			
	<u>At 1% Decrease (2.26%)</u>	<u>Current Discount Rate (3.26%)</u>	<u>At 1% Increase (4.26%)</u>
Authority's Net OPEB Liability	\$851,133	\$713,113	\$603,575

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**NOTE 9: RETIREE HEALTH BENEFIT COVERAGE (continued):**

*Sensitivity of 1% Change in Trend Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If medical trend were to increase 1% per annum, the NOL would increase and if were to decrease by 1% the NOL would decrease. The following presents the net OPEB liability as of December 31, 2024 and 2023 respectively, calculated using the healthcare trend rate:

<b>2024</b>			
	<u>At 1% Decrease (1.00%)</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>At 1% Increase (1.00%)</u>
Authority's Net OPEB Liability	N/A	\$689,439	N/A
<b>2023</b>			
	<u>At 1% Decrease (1.00%)</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>At 1% Increase (1.00%)</u>
Authority's Net OPEB Liability	N/A	\$713,113	N/A

**Key Actuarial Assumptions**

Mortality	PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021
Turnover	NJ State pensions ultimate withdraw rates – prior to benefits eligibility.
Assumed Retirement Age	At first eligible after completion of 25 years of service benefits end after 5 years of payments, or at age 65 if earlier.
Full Attribution Period	Service to assumed retirement age.
Annual Discount Rate	2.74% Based on the Bond Buyer 20 Index December 31, 2019 2.12% Based on the Bond Buyer 20 Index December 31, 2020 2.06% Based on the Bond Buyer 20 Index December 31, 2021 3.72% Based on the Bond Buyer 20 Index December 31, 2022 3.26% Based on the Bond Buyer 20 Index December 31, 2023 4.08% Based on the Bond Buyer 20 Index December 31, 2024
CPI Increase	2.5%
Rate of Salary Increase	2.5%
Medical Trend	None
Medical Cost Aging Factor	NJ SHBP medical morbidity rates

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
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**NOTE 9: RETIREE HEALTH BENEFIT COVERAGE (continued):**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

The amounts reported as a deferred outflow of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for December 31, 2024 and 2023 respectively as follows:

Year ended December 31,:		Year ended December 31,:	
2025	\$ (15,145)	2024	\$ (5,663)
2026	(15,145)	2025	(5,663)
2027	(15,145)	2026	(5,663)
2028	(15,145)	2027	(5,663)
2029	(15,145)	2028	(5,663)
Thereafter	<u>(93,422)</u>	Thereafter	<u>(38,377)</u>
Total	<u>\$ (169,147)</u>	Total	<u>\$ (66,692)</u>

The valuation projects the cost to the Authority of providing medical benefits to employees who remain in the medical plan after retirement (post-employment coverage). Mt. Holly MUA contributes a maximum amount towards the health plan per employee per year based on the employee's position. We elected to use for this valuation the maximum contribution costs based on 100% of future retirees participating in the post-employment benefit plan.

The Authority currently has two eligible retired employee receiving retirement benefits. The net Other Post-Employment Benefit obligation to the Authority to provide benefits to the retirees for the year ended December 31, 2024 and 2023 was \$689,439 and \$713,113 respectively. The Authority paid \$8,500 in 2024 and \$8,500 in 2023 for retiree health benefits.

**NOTE 10: UNRESTRICTED NET POSITION APPROPRIATED**

2024 Unrestricted Net Position amounts to \$34,742,295. Of that amount, \$588,000 was appropriated for payment to Mount Holly Township in the 2025 budget.

**NOTE 11: SERVICE ORGANIZATION'S SAS 70 AND SSAE 16 REQUIREMENT**

The Authority utilizes NJ American Water Company, Inc. to provide consumption data of the Authority's customers' water usage. This data is used to bill the customers of the Authority, as sewer charges are based on the amount of water consumed. Statement of Auditing Standards (SAS) 70 and Statement on Standards for Attestation Engagements (SSAE) 16 requires the Authority to receive an internal control report from service organizations providing such services mentioned above. The Authority has requested an internal control report from NJ American Water Company, Inc. and they have refused to accommodate the Authority's request.

**NOTE 12: SUBSEQUENT EVENTS**

The Mount Holly Municipal Utilities Authority has evaluated all other subsequent events occurring after December 31, 2024 through the date of July 3, 2025, which is the date the financial statements were available to be issued. Management has determined no events have occurred that require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
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**SCHEDULE OF OPERATING REVENUES AND COST FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(With Comparative Totals for the Year Ended December 31, 2023)**

	DECEMBER 31, 2024			DECEMBER 31, 2023		
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL
Revenues:						
Meter Services	\$ 12,600,000	\$ 12,600,000	\$ 13,586,653	\$ 12,500,000	\$ 12,500,000	\$ 12,829,980
Connection Fees	700,000	700,000	3,982,958	650,000	650,000	2,395,086
Sludge & Septic Income	1,170,000	1,170,000	1,327,675	1,125,000	1,125,000	1,157,751
Interest Income	75,000	75,000	67,347	20,000	20,000	155,479
Other	120,000	120,000	726,643	115,000	115,000	1,151,176
Total Revenues	14,665,000	14,665,000	19,691,276	14,410,000	14,410,000	17,689,472
Operating Expenses:						
Administrative:						
Salaries	875,000	875,000	782,883	813,500	813,500	781,859
Professional Fees	156,500	156,500	180,350	156,000	156,000	175,822
Trustee Fees	8,500	8,500	7,350	8,500	8,500	7,350
Computer Expenses	32,000	32,000	32,655	27,500	27,500	41,112
Travel	12,000	12,000	222	12,000	12,000	7,492
Other Expenses	80,000	80,000	65,315	62,000	62,000	60,802
Total Administrative Expense	1,164,000	1,164,000	1,068,775	1,079,500	1,079,500	1,074,437
Office:						
Municipal Appropriation	588,000	588,000	588,000	488,000	488,000	488,000
Utility Expenses	10,500	10,500	5,833	10,500	10,500	6,009
Telephone Expenses	12,000	12,000	7,959	12,000	12,000	8,568
Repair and Maintenance	5,000	5,000	585	5,000	5,000	555
Supplies	15,000	15,000	11,245	19,000	19,000	6,687
Postage	40,000	40,000	33,850	37,500	37,500	26,867
Total Office Expense	670,500	670,500	647,472	572,000	572,000	536,686
General - Employee Benefits:						
Employee Taxes	315,000	315,000	302,734	312,500	312,500	274,826
Pension	600,000	600,000	598,335	575,000	575,000	534,749
Insurance Expenses	371,000	371,000	385,458	338,000	338,000	330,748
Health Benefits	1,377,420	1,377,420	1,101,079	1,368,496	1,368,496	987,282
Total General-Employee Benefits	2,663,420	2,663,420	2,387,606	2,593,996	2,593,996	2,127,605
Plant:						
Salaries	2,450,000	2,450,000	2,329,204	2,355,000	2,355,000	2,264,214
Professional Fees	20,000	20,000	29,794	10,000	10,000	22,410
Contracted Services	127,000	127,000	22,555	110,000	110,000	36,505
Utilities Expense	534,500	534,500	417,960	589,500	589,500	377,399
Telephone Expense	20,000	20,000	14,504	20,000	20,000	14,169
Repair & Maintenance	180,000	180,000	128,596	173,500	173,500	116,963
Supplies	65,000	65,000	52,272	85,000	85,000	33,233
Other Expenses	104,500	104,500	26,307	90,000	90,000	43,325
Travel	30,000	30,000	17,399	25,000	25,000	22,923
Small Tools/Equipment	64,500	64,500	82,851	50,700	50,700	51,035

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**OPERATING REVENUES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(With Comparative Totals for the Year Ended December 31, 2023)**

	DECEMBER 31, 2024			DECEMBER 31, 2023		
	ORIGINAL	AMENDED	ACTUAL	ORIGINAL	AMENDED	ACTUAL
	BUDGET	BUDGET		BUDGET	BUDGET	
Operating Expenses (continued):						
Plant (continued):						
License Fees	48,500	48,500	28,910	43,500	43,500	25,818
Chemicals	306,000	306,000	211,272	276,000	276,000	160,382
Hauling Expense	65,000	65,000	33,879	65,000	65,000	37,788
Total Plant Expenses	4,015,000	4,015,000	3,395,503	3,893,200	3,893,200	3,206,164
Laboratory:						
Salaries	200,000	200,000	148,060	250,000	250,000	144,546
Contracted Services	45,000	45,000	22,652	35,000	35,000	34,303
Repair & Maintenance	12,500	12,500	3,041	12,500	12,500	4,576
Supplies	48,000	48,000	58,518	38,000	38,000	39,579
Other Expenses	500	500	435	250	250	1,056
Travel	1,300	1,300	379	1,300	1,300	1,418
Small Tools/Equipment	2,000	2,000	1,292	2,300	2,300	
License Fees	5,000	5,000	2,315	5,000	5,000	1,915
Total Laboratory Expenses	314,300	314,300	236,692	344,350	344,350	227,393
Sludge Hauling:						
Hauling Expense	835,000	835,000	695,080	835,000	835,000	667,340
Total Sludge Hauling Expense	835,000	835,000	695,080	835,000	835,000	667,340
Industrial Pretreatment:						
Salaries	120,000	120,000	107,229	115,000	115,000	114,090
Telephone Expense	-	-		500	500	
Other Expenses	-	-		1,250	1,250	
Travel	-	-		1,000	1,000	
Total Industrial Pretreatment Expenses	120,000	120,000	107,229	117,750	117,750	114,090
Line Maintenance:						
Salaries	650,000	650,000	598,145	630,000	630,000	506,781
Contracted Services	100,000	100,000	85,568	65,000	65,000	63,226
Utilities Expense	277,000	277,000	220,631	299,000	299,000	213,362
Telephone Expense	5,000	5,000	278	10,000	10,000	296
Repair & Maintenance	153,500	153,500	88,400	143,500	143,500	65,459
Supplies	1,500	1,500	411	1,000	1,000	437
Other Expenses	19,000	19,000	2,796	28,300	28,300	3,285
Travel	5,000	5,000	556	5,000	5,000	748
Small Tools/Equipment	10,500	10,500	6,901	11,500	11,500	3,894
License Fees	2,500	2,500	1,770	2,500	2,500	60
Chemicals	135,000	135,000	112,806	130,000	130,000	105,326
Total Line Maintenance Expenses	1,359,000	1,359,000	1,118,262	1,325,800	1,325,800	962,874
Total Operating Expenses	11,141,220	11,141,220	9,656,619	10,761,596	10,761,596	8,916,589

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**SCHEDULE OF OPERATING REVENUES AND COST FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(With Comparative Totals for the Year Ended December 31, 2023)**

	DECEMBER 31, 2024			DECEMBER 31, 2023		
	ORIGINAL BUDGET	AFTER TRANSFERS	ACTUAL	ORIGINAL BUDGET	AFTER TRANSFERS	ACTUAL
Non-operating Expenses:						
Interest Paid	770,598	770,598	752,322	834,545	834,545	817,791
Debt Service	2,041,182	2,041,182	2,041,182	2,001,859	2,001,859	2,001,859
Total Non-operating Expenses	2,811,780	2,811,780	2,793,504	2,836,404	2,836,404	2,819,650
Capital Outlay and Reserves:						
Renewal and Replacement	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Total Capital Outlay and Reserves	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Total Expenses	15,253,000	15,253,000	13,750,123	14,898,000	14,898,000	13,036,239
Total Expenses & Other Cost						
Funded by Operating Revenues	<u>\$ (588,000)</u>	<u>\$ (588,000)</u>	\$ 5,941,153	<u>\$ (488,000)</u>	<u>\$ (488,000)</u>	\$ 4,653,233
Plus:						
Debt Service			2,041,182			2,001,859
Renewal and Replacement			1,300,000			1,300,000
Amortization premium/ (bond costs) , net			103,788			103,788
Interest Income			2,078,679			1,552,590
Reserve for future Unemployment			320			6,017
Amortization of Gain on Refunding NJEIT Loan			97,000			99,000
Capital Contributions			149,000			
Less:						
Depreciation			(2,409,132)			(2,614,990)
Unrealized gain /(loss) on investments			4,495			(173)
Gain/(Loss) on disposal of asset						1,196
Change in net position per Statements of						
Revenue , Expenses and Changes in Net Position			<u>\$ 9,306,485</u>			<u>\$ 7,102,520</u>



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**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY - PERS**

	Measurement Date Ending June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability (Asset)	0.04254%	0.04439%	0.04205%	0.03947%	0.03876%	0.04598%	0.04560%	0.04846%	0.04878%	0.04916%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$5,829,011	\$6,484,348	\$6,399,517	\$4,725,070	\$6,371,264	\$8,342,231	\$8,979,132	\$11,279,906	\$14,447,152	\$11,036,397
Authority's covered employee payroll	\$3,496,779	\$3,339,202	\$3,278,966	\$3,088,208	\$2,960,759	\$3,049,993	\$3,164,622	\$3,135,676	\$3,234,111	\$3,228,957
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	58.32%	58.32%	56.27%	53.60%	48.10%	31.20%	52.08%

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PERS**  
**SCHEDULE OF CONTRIBUTIONS**

	Measurement Date Ending June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$583,723	\$598,335	\$534,749	\$467,109	\$427,404	\$450,347	\$453,609	\$448,898	\$433,352	\$422,681
Contributions in relation to the Actuarially Determined Contributions	583.723	598.335	534.749	467.109	427.404	450.347	453.609	448.898	433.352	422.681
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered-Employee Payroll	\$3,496,779	\$3,339,202	\$3,278,966	\$3,088,208	\$2,960,759	\$2,961,265	\$3,175,945	\$3,135,676	\$3,234,111	\$3,228,957
Contributions as a Percentage of Covered - Employee Payroll	16.693%	17.919%	16.308%	15.126%	14.436%	15.208%	14.283%	14.316%	13.399%	13.090%

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY  
SCHEDULE OF NET OPEB LIABILITY  
AND RELATED RATIOS \***

	Measurement Date Ending December 31,				
	2024	2023	2022	2021	2020
<b><u>Total OPEB Liability</u></b>					
Service Cost	\$ 25,313	\$ 36,062	\$ 36,062	\$ 18,813	\$ 30,992
Interest Cost	23,834	25,122	13,250	15,142	17,982
Change in Benefit Terms	59,354				
Difference Between Expected and Actual Experiences	(24,841)		70,202	(120,255)	
Changes of Assumptions	(92,759)	16,813	(80,649)	722	29,630
Contributions: Members					
Gross Benefit Payments	(14,575)	(8,239)	(5,336)		(17,000)
Net Change in Total OPEB Liability	(23,674)	69,758	33,529	(85,578)	61,604
Total OPEB Liability (Beginning)	713,113	643,355	609,826	695,404	633,800
Total OPEB Liability (Ending)	<u>\$ 689,439</u>	<u>\$ 713,113</u>	<u>\$ 643,355</u>	<u>\$ 609,826</u>	<u>\$ 695,404</u>
<b><u>Plan Fiduciary Net Position</u></b>					
Covered Employee Payroll	\$ 3,537,912	\$ 3,434,311	\$ 2,961,352	\$ 3,098,673	\$ 3,051,406
Net OPEB Liability as a Percentage of Payroll	19%	21%	22%	20%	23%

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** – None.

**Other Postemployment Benefits (OPEB)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 3.26% as of June 30, 2023, to 4.08% as of June 30, 2024.

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## **OTHER SUPPLEMENTAL INFORMATION**



**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY  
SCHEDULE OF REVENUE BONDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2023	ISSUED	DECREASED	BALANCE DECEMBER 31, 2024
	DATE	AMOUNT		DATE	AMOUNT				
Sewer Revenue Refunding Bonds, Series 2018	07/24/18	\$ 15,710,000	5.00%	2025	650,000				
			5.00%	2026	685,000				
			5.00%	2027	725,000				
			5.00%	2028	1,905,000				
			5.00%	2029	1,675,000				
			5.00%	2030	650,000				
			5.00%	2031	685,000				
			5.00%	2032	720,000				
			5.00%	2033	755,000				
			5.00%	2034	790,000				
			5.00%	2035	830,000				
		5.00%	2036	870,000					
		5.00%	2037	915,000					
						\$ 12,480,000	625,000	\$ 11,855,000	
		</							

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**SCHEDULE OF LOANS PAYABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2023	DECREASED	BALANCE DECEMBER 31, 2024
	DATE	AMOUNT		DATE	AMOUNT			
2007 New Jersey Environmental Infrastructure Trust Loan	11/09/06	12,160,000	4.500% 4.500% 4.250%	8/1/25	751,000			
				8/1/26	786,000			
				8/1/27	825,000			
				<u>2,362,000</u>				
					\$ 3,075,000			
2007 New Jersey Environmental Infrastructure Fund Loan	11/09/06	12,177,025	N/A	8/1/25	627,372			
				8/1/26	625,264			
				8/1/27	625,378			
				<u>1,878,014</u>				
					\$ 2,503,084			

**MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY**  
**SCHEDULE OF LOANS PAYABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE DECEMBER 31, 2023	ISSUED	DECREASED	BALANCE DECEMBER 31, 2024
	DATE	AMOUNT		DATE	AMOUNT				
2010 New Jersey Environmental Infrastructure Trust Loan	03/10/11	480,000	4.250%	8/1/25	28,000				
			4.500%	8/1/26	28,000				
			4.500%	8/1/27	33,000				
			4.500%	8/1/28	33,000				
			4.250%	8/1/29	33,000				
					<u>155,000</u>	\$ 184,000		29,000	\$ 155,000
2010 New Jersey Environmental Infrastructure Fund Loan	03/10/11	1,470,000	N/A	8/1/24	<u>49,112</u>			49,112	-
					<u>49,112</u>				
					Total				
					\$	5,811,196	-	1,416,182	\$ 4,395,014
					Less:				
					S/T Loans Payable				
					Total L/T Loans Payable				
					1,406,372				
					\$ 2,988,642				

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## **GENERAL COMMENTS AND RECOMMENDATIONS**



**BRENT W. LEE & CO., LLC**  
Certified Public Accounting Firm

To the Chairman and Members of the  
Mount Holly Municipal Utilities Authority  
Mount Holly, New Jersey 08060

I have audited the financial accounts and transactions of the Mount Holly Municipal Utilities Authority in the County of Burlington for the year ended December 31, 2024. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

### **GENERAL COMMENTS**

#### ***Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)***

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$44,000 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The minutes indicate that bids were requested by public advertising for the following:

Chemicals, Sludge Removal and Upgrade Pump Station

### ***Contracts and Agreements Requiring Solicitation of Quotations***

The examination of expenditures did not reveal any instances where individual payments, contracts or agreements in excess of \$6,600 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

### **Collection of Service Revenue**

It appears from an examination of the billing records that service revenue was collected in accordance with the Authority's policy.

### **Collection of Interest on Delinquent Service Fees**

Sewer usage is billed in four cycles on a quarterly basis, with one cycle billed monthly. Bills not paid within four weeks of the billing date are considered delinquent. Delinquent accounts are charged interest at a rate of 1 ½% per month until such service charge, and the interest thereon, shall be fully paid to the Authority.

### **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

### **Property, Plant and Equipment**

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

### **Follow-up on Prior Years' Findings**

In accordance with government auditing standards, my procedures included a review of all prior year findings. There was none noted.

### **Acknowledgment**

I received the complete cooperation of all officials and employees of the Authority and I greatly appreciate the courtesies extended to the members of the audit team.



Brent W. Lee  
Certified Public Accountant

July 3, 2025