

**MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**FINANCIAL STATEMENTS AND SCHEDULES**

**DECEMBER 31, 2023 AND 2022**

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Chairperson and Members of the  
Manchester Utilities Authority  
Haledon, NJ 07508

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the Manchester Utilities Authority, which comprise the statement of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Manchester Utilities Authority as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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



***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Manchester Utilities Authority's ability to continue as a going concern for the next 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Manchester Utilities 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 Manchester Utilities 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.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprises the Manchester Utilities Authority's financial statements. The Supplemental Schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Honorable Chairperson and Members of the  
Manchester Utilities Authority  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2024 on our consideration of the Manchester Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Manchester Utilities Authority's internal control over financial reporting and compliance.

Very truly yours,

*Wielkocz & Company, LLC*

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

April 17, 2024



**Required Supplementary Information - Part I**



**Management Discussion and Analysis**

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*As management of the Manchester Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2023 and 2022. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.*

**Financial Highlights**

- The Authority's assets exceeded its liabilities by \$11,356,955 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$11,046,309.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$10,791,384 include plant and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$-0- are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$565,571 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority decreased by \$235,403 to \$5,716,136 during the fiscal year primarily due to a decrease in bonds and loans payable.

**Overview of the Financial Statements**

This annual report includes this management discussion, the independent auditor's report and the basic financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

***Required Financial Statements***

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the authority.

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(CONTINUED)**

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the results of the Authority operations over the past year and can be used to determine whether the Authority has recovered all its costs through its user fees and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

***Notes to the Financial Statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

**Financial Analysis of the Authority**

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this years activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in those assets. The reader can think of the Authority's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(CONTINUED)**

**Net Position**

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Authority as a whole.

The Authority's net position at fiscal year-end is \$11,356,955. This is an \$310,646 increase over last year's net position of \$11,046,309. A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>FY 2021</u>
Current and Other Assets	1,229,417	700,963	528,454	75.39%	853,133
Capital Assets	<u>15,903,416</u>	<u>16,375,571</u>	<u>(472,155)</u>	(2.88)%	<u>16,848,143</u>
Total Assets	<u>17,132,833</u>	<u>17,076,534</u>	<u>56,299</u>	0.33%	<u>17,701,276</u>
Deferred Outflows of Resources	<u>5,199</u>	<u>306</u>	<u>4,893</u>	1599.02%	<u>11,414</u>
Current Liabilities	993,796	885,838	107,958	12.19%	1,067,308
Non-Current Liabilities	<u>4,722,340</u>	<u>5,065,701</u>	<u>(343,361)</u>	(6.78)%	<u>5,420,657</u>
Total Liabilities	<u>5,716,136</u>	<u>5,951,539</u>	<u>(235,403)</u>	(3.96)%	<u>6,487,965</u>
Deferred Inflows of Resources	<u>64,941</u>	<u>78,992</u>	<u>(14,051)</u>	(17.79)%	<u>86,579</u>
Invested in Capital Assets, Net of Related Debt	10,791,384	10,906,174	(114,790)	(1.05)%	10,966,099
Unrestricted	<u>565,571</u>	<u>140,135</u>	<u>425,436</u>	303.59%	<u>172,047</u>
	<u>11,356,955</u>	<u>11,046,309</u>	<u>310,646</u>	2.81%	<u>11,138,146</u>

While the *Statement of Net Position* shows the change in financial position of nets assets, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes. As can be seen in the following table, net position increased by \$310,646.

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(CONTINUED)**

**Net Position (Continued)**

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>FY 2021</u>
Operating Revenues	3,754,183	3,604,401	149,782	4.16%	3,477,699
Total Revenues	<u>3,754,183</u>	<u>3,604,401</u>	<u>149,782</u>	4.16%	<u>3,477,699</u>
Depreciation and Amortization	464,019	474,124	(10,105)	(2.13)%	474,498
Other Operating Expenses	2,862,064	2,929,673	(67,609)	(2.31)%	2,871,759
Other Non-Operating Expense	117,454	292,441	(174,987)	(59.84)%	310,703
Total Expenses	<u>3,443,537</u>	<u>3,696,238</u>	<u>(252,701)</u>	(6.84)%	<u>3,656,960</u>
Change in Net Position	310,646	(91,837)	402,483	(438.26)%	(179,261)
Beginning Net Position	<u>11,046,309</u>	<u>11,138,146</u>	<u>(91,837)</u>	(0.82)%	<u>11,317,407</u>
Ending Net Position	<u>11,356,955</u>	<u>11,046,309</u>	<u>310,646</u>	2.81%	<u>11,138,146</u>

**Budgetary Highlights**

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond and loan principal.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

The following tables provides a FY 2023 and FY 2022 budget comparison:

**Budget vs. Actual  
FY 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	3,323,000	3,754,183	431,183
	<u>3,323,000</u>	<u>3,754,183</u>	<u>431,183</u>
Expenses:			
Operating	2,851,600	2,864,451	(12,851)
Non-operating	<u>471,400</u>	<u>466,683</u>	<u>4,717</u>
	<u>3,323,000</u>	<u>3,331,134</u>	<u>(8,134)</u>
Income Before Depreciation and Contributions	<u>-0-</u>	<u>423,049</u>	<u>423,049</u>

**Budget vs. Actual  
FY 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Net Position Appropriated	86,900	86,900	0
Operating	<u>3,230,000</u>	<u>3,604,401</u>	<u>374,401</u>
	<u>3,316,900</u>	<u>3,691,301</u>	<u>374,401</u>
Expenses:			
Operating	2,769,268	3,101,343	(332,075)
Non-operating	<u>547,632</u>	<u>538,650</u>	<u>8,982</u>
	<u>3,316,900</u>	<u>3,639,993</u>	<u>(323,093)</u>
Income Before Depreciation and Contributions	<u>-0-</u>	<u>51,308</u>	<u>51,308</u>

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(CONTINUED)**

**Capital Assets**

At the end of 2023, the Authority had invested \$26,506,636 in capital assets. The Authority's net plant and equipment at fiscal year-end was \$15,903,416. This is a \$472,155 decrease under last year's net plant, property and equipment of \$16,375,571. A summary of the Authority's capital assets is presented in the following table:

<b>Capital Assets</b>				
	<u><b>FY 2023</b></u>	<u><b>FY 2022</b></u>	<u><b>Dollar Change</b></u>	<u><b>FY 2021</b></u>
Structures and Improvements	1,217,852	1,217,852	0	1,217,852
Water Supply and Distribution System	24,351,363	24,351,363	0	24,351,363
Equipment	<u>897,449</u>	<u>897,449</u>	<u>0</u>	<u>897,449</u>
Total Capital Assets	26,466,664	26,466,664	0	26,466,664
 Less:				
Accumulated Depreciation	<u>(10,603,220)</u>	<u>(10,131,065)</u>	<u>(472,155)</u>	<u>(9,658,493)</u>
	15,863,444	16,335,599	(472,155)	16,808,171
 Construction in Progress	 <u>39,972</u>	 <u>39,972</u>	 <u>0</u>	 <u>39,972</u>
	<u>15,903,416</u>	<u>16,375,571</u>	<u>(472,155)</u>	<u>16,848,143</u>

The Authority's ongoing capital plan is reviewed each year by the Authority's consulting engineer.

**Debt Administration**

At December 31, 2023, the Authority had outstanding U.S.D.A. Rural Development Loans of \$2,369,360 with rates varying from 3.250% to 4.125% and a final maturity in 2050. Additionally, the Authority had outstanding New Jersey Environmental Infrastructure Fund bonds of \$2,681,795 with rates varying from 0.00% to 5.00% and with a final maturity of 2036. More detailed information regarding the specific bond and loan issues outstanding can be found in Note 8 to the financial statements.

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(CONTINUED)**

**Economic Factors, Future Years Budgets and Rates**

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments.

**Contacting the Authority**

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Manchester Utilities Authority, 510 Belmont Avenue, Haledon, New Jersey 07508 or visit the Authority's web site at [www.muawater.net](http://www.muawater.net).



**Financial Statements**

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Statement of Net Position  
December 31,

	2023	2022
<b><u>ASSETS:</u></b>		
<b>Current Assets:</b>		
Unrestricted :		
Cash and Cash Equivalents	\$ 240,716	\$ (349,925)
Consumer Accounts Receivable	775,903	875,313
Due From State of New Jersey	68,112	68,112
Prepaid Expenses	133,934	93,497
Total Unrestricted Assets	1,218,665	686,997
Restricted:		
Escrow Account		
Cash and Cash Equivalents	10,752	13,966
Total Restricted Assets	10,752	13,966
<b>Capital Assets:</b>		
Capital Assets Not Being Depreciated:		
Construction in Progress	39,972	39,972
Capital Assets Being Depreciated:		
Structures and Improvements	1,217,852	1,217,852
Water Supply and Distribution System	24,351,363	24,351,363
Equipment	897,449	897,449
Less: Accumulated Depreciation	(10,603,220)	(10,131,065)
Capital Assets (Net)	15,863,444	16,335,599
Capital Assets (Net)	15,903,416	16,375,571
<b>TOTAL ASSETS</b>	<b>17,132,833</b>	<b>17,076,534</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>		
PERS - Pension Related	5,199	306
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,199</b>	<b>\$ 306</b>

See accompanying Notes to Financial Statements.

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Statement of Net Position  
December 31,

	2023	2022
<b><u>LIABILITIES:</u></b>		
Current Liabilities Payable from		
Unrestricted Assets:		
Accounts Payable and Accrued Liabilities	\$ 603,063	\$ 494,829
Accounts Payable - PERS	1,882	1,438
Prepaid Revenue	13,386	12,198
Accrued Interest Payable	13,375	14,178
Current Portion of Bonds and Loans Payable	351,338	349,229
	983,044	871,872
Current Liabilities Payable from		
Restricted Assets:		
Escrow Deposits Payable	10,752	13,966
Non-Current Liabilities:		
Bonds Payable	2,389,795	2,681,795
Loans Payable - USDA	2,310,022	2,369,360
Net Pension Liability - PERS	22,523	14,546
	4,722,340	5,065,701
<b>TOTAL LIABILITIES</b>	<b>5,716,136</b>	<b>5,951,539</b>
 <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>		
Unamortized Bond Premiums	60,877	69,013
Deferred Inflows - PERS	4,064	9,979
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>64,941</b>	<b>78,992</b>
 <b><u>NET POSITION:</u></b>		
Net Investment in Capital Assets	10,791,384	10,906,174
Unrestricted:		
Designated	16,529	32,954
Undesignated	549,042	107,181
<b>TOTAL NET POSITION</b>	<b>\$ 11,356,955</b>	<b>\$ 11,046,309</b>

See accompanying Notes to Financial Statements.

**THE MANCHESTER UTILITIES AUTHORITY**  
 (A Component Unit of the Borough of Haledon)  
 Statement of Revenues, Expenses and Changes in Net Position  
 Years Ended December 31,

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues:</b>		
Rents	\$ 3,415,112	\$ 3,231,932
Fire Hydrant Service	199,167	241,088
Sprinklers	20,917	16,648
Connection Fees	39,861	16,876
Miscellaneous	58,407	24,844
Clean Energy Fund		68,112
Interest on Investments	20,719	4,901
<b>Total Operating Revenue</b>	<u>3,754,183</u>	<u>3,604,401</u>
<b>Operating Expenses:</b>		
Administration	314,265	318,238
Costs of Providing Services	2,547,799	2,611,435
Depreciation	472,155	472,572
<b>Total Operating Expenses</b>	<u>3,334,219</u>	<u>3,402,245</u>
Operating Income (Loss)	419,964	202,156
<b>Non-Operating Revenues/(Expenses):</b>		
Debt Service	(117,454)	(292,441)
Amortization	8,136	(1,552)
<b>Total Non-Operating Revenues/(Expenses)</b>	<u>(109,318)</u>	<u>(293,993)</u>
<b>Change In Net Position</b>	310,646	(91,837)
Net Position - January 1,	<u>11,046,309</u>	<u>11,138,146</u>
<b>Net Position - December 31,</b>	<u>\$ 11,356,955</u>	<u>\$ 11,046,309</u>

See accompanying Notes to Financial Statements.

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Statement of Cash Flows  
Years Ended December 31,

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 3,735,794	\$ 3,298,154
Other Operating Receipts	98,268	24,844
Interest Received	20,719	4,901
Cash Paid to Employees	(16,000)	(16,208)
Cash Paid for Employee Benefits	(3,106)	(2,678)
Cash Paid to Suppliers/Vendors	(2,780,762)	(3,025,302)
Net cash provided (used) by operating activities	1,054,913	283,711
 <b>Cash Flows from Financing Activities:</b>		
Bond Principal Paid		(165,000)
USDA Loan Principal Paid	(57,229)	(55,199)
NJEIT Loan Principal Paid	(292,000)	(359,000)
Interest Paid	(118,257)	(128,754)
Net cash provided (used) by non-capital financing activities	(467,486)	(707,953)
 <b>Net increase / (decrease) in cash and cash equivalents</b>	 587,427	 (424,242)
 <b>Cash and cash equivalents, Beginning of Year</b>	 (335,959)	 88,283
 <b>Cash and cash equivalents, End of Year</b>	 \$ 251,468	 \$ (335,959)
 <b>Balance reported as:</b>		
Unrestricted	240,716	(349,925)
Restricted	10,752	13,966
	251,468	(335,959)

See accompanying Notes to Financial Statements.

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Statement of Cash Flows  
Years Ended December 31,

	2023	2022
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided/(Used) by Operating Activities:</b>		
Operating Income/(Loss)	\$ 419,964	\$ 202,156
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Depreciation	472,155	472,572
Pension Adjustment	(2,387)	(3,680)
(Increase)/Decrease in:		
Consumer Accounts Receivable	99,410	(208,891)
Due From State of New Jersey		(68,112)
Miscellaneous Accounts Receivable		
Prepaid Expenses	(40,437)	4,931
Increase/(Decrease) in:		
Accounts Payable and accrued liabilities	108,234	(69,032)
Prepaid Revenue	1,188	501
Escrow Deposits Payable	(3,214)	(46,734)
 Net cash provided (used) by operating activities	 \$ 1,054,913	 \$ 283,711

See accompanying Notes to Financial Statements.

**Notes to Financial Statements**

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 1. GENERAL**

The Manchester Utilities Authority (the Authority) is a public body politic and corporate created by Ordinance #2-18-2004A adopted March 17, 2004 by the Borough of Haledon under the Municipal and County Utilities Authorities Laws of the State of New Jersey (P.L. 1957, Chapter 183 as amended and supplemented.

The Authority is responsible for the acquisition, construction, maintenance, operation and improvement of the works for among other things, the accumulation, supply and distribution of water for the residents of the Borough of Haledon and various customers in the Borough of North Haledon, County of Passaic, New Jersey.

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

The Authority shall consist of five (5) commissioners who shall be appointed in accordance with the procedures set forth and for the terms of office provided in N.J.S.A. 40:14B-4.

The Authority's fiscal year is the twelve-month period ending December 31, on any year, or such other twelve-month period, which the Authority may establish by Resolution.

As a public body, under existing statutes, the Authority is exempt from both Federal and State taxes.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 14, amended by Statements No. 39 and 61, that requires the financial reporting entity to include both the primary government and those component units. Component units are legally separate organizations for which the Authority is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise



**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 1. GENERAL, (continued)**

access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units, however the Manchester Utilities Authority is a component unit of the Borough of Haledon.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The accounts of the Authority are organized into one fund with self-balancing accounting records that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. The fund type and fund category is as follows:

**Proprietary Fund Type**

*Enterprise Funds* - The Enterprise Fund is used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges. The Authority maintains an enterprise fund to account for its Water System Operations.

The Authority's financial statements are reported using the economic resources measurements focus and the accrual basis of accounting. All assets and all liabilities associated with the enterprise fund operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, (continued)**

The Manchester Utilities Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

**B. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION**

**Cash and Cash Equivalents**

Cash and cash equivalents include money market funds and short-term investments including certificates of deposit, with a maturity of three months or less carried at cost, which approximates market.

The Authority's investment practices are governed by New Jersey State Statute 40A:5-15. Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 12 months from the date of purchase. In addition, the Authority can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Authority is a part or within which the Authority is located unless such investments are expressly prohibited by law.

**Restricted Accounts**

Bond covenants of the Authority require portions of the debt proceeds, as well as other resources be set aside for various purposes under the control of the Bond Trustee. These amounts are reported as restricted assets. Cash and cash equivalents restricted for debt service on bonds are segregated in the "Debt Service Fund" account.

Additionally, the Authority maintains an Escrow Account to hold deposits for professional fees for the planning, design and construction of specific projects.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION, (continued)**

**Investments**

Investments consist of Certificates of Deposit and direct obligations of the U.S. Government, U.S. Government Agencies, repurchase agreements and investments in money market funds and are valued at cost, which approximates market. The Authority had no investments for the years ending December 31, 2023 and 2022.

**Inventories**

Inventories of materials and supplies are considered expenditures when purchased.

**Accounts Receivable**

All receivables are reported at their gross values.

**Allowance for Doubtful Accounts**

The Authority does not provide an allowance for doubtful accounts because of the Authority's ability to compel payments through the lien or shut off process.

**Property, Plant and Equipment**

Property, plant and equipment are stated at estimated original cost as provided in a fixed asset appraisal performed by the Authority's engineer.

Depreciation is determined on a straight-line basis for all plant and equipment using the following estimated useful lives:

Structures and Improvements	12-75 years
Water Supply and Distribution System	75 years
Equipment	5-20 years

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION, (continued)**

**Deferred Outflows/Inflows of Resources**

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

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

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, and are displayed in the following three components:

*Net Investment in Capital Assets*

The *Net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent unrelated debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

*Restricted Component of Net Position*

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION, (continued)**

*Unrestricted Component of Net Position*

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

*Net Position Flow Assumption*

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**C. REVENUES AND EXPENSES**

**Operating Fund Budget**

The budget amounts included in the statement of budget revenues and statement of budget expenditures were approved in accordance with the requirements of the "Local Finance Board" of the State of New Jersey, and were adopted by the Commissioners after legal advertisement and public hearing.

**Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. USE OF ESTIMATES**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, and certain claims and judgment liabilities, among other accounts. Actual results could differ from those estimates.

**E. RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**E. RECENT ACCOUNTING PRONOUNCEMENTS, (continued)**

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. 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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Commission is determining what effects, if any, this pronouncement will have on future financial statements.

**NOTE 3. FINANCIAL REPORTING ENTITY**

The Governmental Accounting Standards Board requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and either the primary government is able to impose its will on the organization; or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 3. FINANCIAL REPORTING ENTITY, (continued)**

The Manchester Utilities Authority is a component unit of the primary government of the Borough of Haledon. The commissioners of the Manchester Utilities Authority are appointed by the Council of the Borough of Haledon, and under the deficiency agreement entered into by the Authority and the Borough of Haledon, the Borough is obligated to make up any deficiency in service charges.

**NOTE 4. INTRALOCAL SERVICE AGREEMENT**

The Authority has entered into an intralocal service agreement with the Borough of Haledon dated December 16, 2010. Under the terms of this agreement, the Borough will provide certain agreed upon services including daily labor services; emergency labor services; street closing services; administrative services; computer maintenance; general maintenance of Authority property; insurance; purchasing services; administrative space and equipment sharing; and vehicle parking and equipment storage. In consideration for the provision of these “Agreed Upon Services”, the Authority will pay a fixed “Agreed Upon Services Payment” in monthly installments on the last business day of each month. The monthly installments will be calculated by dividing the Agreed Upon Services payment in twelve equal installments. All increases to the amount of the Agreed Upon Services Payment may be negotiated on an annual basis.

In addition, the Authority shall be billed annually by the Borough for the debt service on bonds, payable in 2022, that the Borough has outstanding for improvements to the Authority’s water system.

The term of this intralocal agreement is for a three-year period. The Authority may terminate this Agreement by notifying the Borough of its intent to terminate the arrangement six months prior to the intended termination date. If the Agreement is neither terminated nor expressly extended by written Agreement, then this agreement will be automatically extended for additional one year periods until such time as it is terminated or superseded by any other written agreement renegotiated between the parties.

**NOTE 5. WATER DEFICIENCY AGREEMENT**

The Authority has entered into an agreement with the Borough of Haledon for a Water Deficiency Agreement. Said agreement states:



**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 5. WATER DEFICIENCY AGREEMENT, (continued)**

**“Section 301. Service Charges.** (1) With respect to all water supplied by the Authority and for all use and services of the Water System, the Authority will charge Service charges in accordance with the Act. Said Service Charges shall be established at rates estimated to be sufficient to provide for the receipt by the Authority in each Fiscal Year of a sum of money at least equal to the sum of all the amounts necessary in such Fiscal Year (A) to pay or provide for the expenses of operation and maintenance of the Water System and the principal of and interest on any and all Bonds as the same become due, and (B) to maintain such reserves or sinking funds as may be required by the terms of any contract of the Authority or any Bond Resolution, or as may be deemed necessary or desirable by the Authority, and (C) to comply in all respects with the terms and provisions of any Bond Resolution and with the Act, but nothing contained in this Section 301 or this Agreement shall prevent the Authority from charging Service Charges which shall be less than sufficient to comply with the foregoing requirement, provided that the Borough shall have given their written consent to such lesser Service Charges in the manner herein provided.

**Section 302. Annual Charge.** (1) In any year in which the Authority shall have a deficiency whereby its Service Charges are not sufficient to provide for the items listed in Section 301(1)(A) through (C), the Borough shall pay an Annual Charge. The Annual Charge made and to be charged by the Authority to and payable by the Borough for or with respect to any Fiscal Year shall be the sum of money equal to the excess (if any) of:

(A) The sum of all of the amounts necessary or expended in the Fiscal Year of the Authority during such year (i) to pay or provide for the expenses of construction, acquisition, operation and maintenance of the Water System, including, without limitation, administrative and other expenses of the Authority, insurance, renewals, replacements, extensions, enlargements, alterations and betterments and the principal or redemption price of and interest on all other Bonds as the same become due; (ii) to maintain such reserves or sinking funds as may be required by the terms of any contract of the Authority or any Bond Resolution, or as may be deemed necessary by the Authority; and (iii) to comply in all respects with the terms of any Bond Resolution and with the Act; from which is subtracted.

(B) The sum of the following amounts to the extent available to be used to pay or provide for the amounts described in Section 302(1)(A): (i) Service Charges; (ii) the proceeds of Bonds; (iii) the proceeds of insurance awards received by or for account of the Authority with respect to the Water System; (iv) contributions received by or for account of the Authority with respect to the Water

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 5. WATER DEFICIENCY AGREEMENT, (continued)**

System and not under any circumstances repayable by the Authority until after the payment in full of all other obligations of the Authority including its Bonds, original or refunding or both; or (v) any other funds on hand and available therefor at the beginning of the Fiscal Year.”

The deficiency calculation for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Income/(Loss) Before Contributions	\$310,646	(\$91,837)
Add Back Depreciation	<u>472,155</u>	<u>472,572</u>
Excess/(Deficiency)	<u>\$782,801</u>	<u>\$380,735</u>

There is no deficiency under the Water Agreement for the years ending December 31, 2023 and 2022.

**NOTE 6. CASH AND CASH EQUIVALENTS**

**General Authorization**

The Manchester Utilities Authority’s deposit and investment practices are governed by New Jersey State Statute 40A:5-15.

GASB Statement No. 3, amended by GASB Statement No. 40, requires disclosure of the level of custodial credit risk assumed by the Authority in its cash, cash equivalents and investments.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority does not have a policy for custodial credit risk; however, the State of New Jersey imposes certain collateral requirements for governmental units.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 6. CASH AND CASH EQUIVALENTS, (continued)**

**Deposits**

The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. Operating cash, in the form of various checking and savings accounts, are held in the Authority's name by commercial banking institutions. At December 31, 2023, the carrying amount of the Authority's deposits was \$251,468 and the bank balance was \$706,916. Of the bank balance, \$250,000 was insured with Federal Deposit Insurance and \$456,916 was covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Authority's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty, the Authority would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged by the depositor), collateralized with securities held by the pledging institution or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2023, all of the Authority's deposits were insured with Federal Deposit Insurance or under the provisions of the Governmental Unit Deposit Protection Act (GUDPA) and not exposed to custodial credit risk.

**NOTE 7. PLANT, PROPERTY AND EQUIPMENT**

The Authority's plant, property and equipment is valued at estimated acquisition cost based upon an appraisal performed by the Authority's engineer during fiscal year 2008. Subsequent to fiscal year 2008, property, plant and equipment additions are valued at acquisition costs.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and placed into operation.

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 7. PLANT, PROPERTY AND EQUIPMENT, (continued)**

A description of the changes in the plant, property and equipment accounts of the Authority for the year ended December 31, 2023 and 2022 is as follows:

	<u>Balance</u> <u>Dec.31,2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec.31,2023</u>
Capital Assets Not Being Depreciated:				
Construction in Progress				
	<u>\$39,972</u>	\$ _____	\$ _____	<u>\$39,972</u>
Total Capital Assets Not Being Depreciated	<u>39,972</u>	_____	_____	<u>39,972</u>
Capital Assets Being Depreciated:				
Structures and Improvements	1,217,852			1,217,852
Water Supply and Distribution System	24,351,363			24,351,363
Equipment	<u>897,449</u>	_____	_____	<u>897,449</u>
Total Capital Assets, Being Depreciated	<u>26,466,664</u>	_____	_____	<u>26,466,664</u>
Less: Accumulated Depreciation:				
Structures and Improvements	(1,035,894)	(15,031)		(1,050,925)
Water Supply and Distribution System	(8,405,132)	(413,147)		(8,818,279)
Equipment	<u>(690,039)</u>	<u>(43,977)</u>	_____	<u>(734,016)</u>
Total Accumulated Depreciation	<u>(10,131,065)</u>	<u>(472,155)</u>	_____	<u>(10,603,220)</u>
Total Capital Assets Being Depreciated, Net	<u>16,335,599</u>	<u>(472,155)</u>	_____	<u>15,863,444</u>
Capital Assets, Net	<u>\$16,375,571</u>	<u>(\$472,155)</u>	\$ _____	<u>\$15,903,416</u>

**THE MANCHESTER UTILITIES AUTHORITY**  
**(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 7. PLANT, PROPERTY AND EQUIPMENT, (continued)**

	<u>Balance</u> <u>Dec.31,2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec.31,2022</u>
Capital Assets Not Being Depreciated:				
Construction in Progress	<u>\$39,972</u>	<u>\$</u>	<u>\$</u>	<u>\$39,972</u>
Total Capital Assets Not Being Depreciated	<u>39,972</u>	<u>      </u>	<u>      </u>	<u>39,972</u>
Capital Assets Being Depreciated:				
Structures and Improvements	1,217,852			1,217,852
Water Supply and Distribution System	24,351,363			24,351,363
Equipment	<u>897,449</u>			<u>897,449</u>
Total Capital Assets, Being Depreciated	<u>26,466,664</u>	<u>      </u>	<u>      </u>	<u>26,466,664</u>
Less: Accumulated Depreciation:				
Structures and Improvements	(1,020,863)	(15,031)		(1,035,894)
Water Supply and Distribution System	(7,991,568)	(413,564)		(8,405,132)
Equipment	<u>(646,062)</u>	<u>(43,977)</u>		<u>(690,039)</u>
Total Accumulated Depreciation	<u>(9,658,493)</u>	<u>(472,572)</u>	<u>      </u>	<u>(10,131,065)</u>
Total Capital Assets Being Depreciated, Net	<u>16,808,171</u>	<u>(472,572)</u>	<u>      </u>	<u>16,335,599</u>
Capital Assets, Net	<u>\$16,848,143</u>	<u>(\$472,572)</u>	<u>\$0</u>	<u>\$16,375,571</u>

**NOTE 8. LONG-TERM DEBT**

**U.S.D.A. Grant/Loan Program**

On May 21, 2007, the Authority entered into a loan agreement with the United States Department of Agriculture in order to repay bond anticipation notes outstanding in the Borough of Haledon Water Utility Fund. Under this agreement, the Authority was awarded a grant of \$500,000 and was issued a loan in the amount of \$1,500,000 under the U.S.D.A. Rural Development Program. The loan has an interest rate of 3.25% and a term of 40 years. Payments of principal and interest are due twice annually on May 20 and November 20 of each year to maturity with a final maturity in 2047.

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 8. LONG-TERM DEBT, (continued)**

In April of 2010, the Authority entered into a loan agreement with the United States Department of Agriculture in order to fund outstanding Project Notes, Series 2008 issued to provide funds for various projects relating to the improvement of its water supply and distribution system. Under this agreement, the Authority was awarded a grant of \$450,000 and was issued a loan in the amount of \$1,550,000 under the U.S.D.A. Rural Development Program. This loan has an interest rate of 4.125% and a term of 40 years. Payments of principal and interest are due twice annually in March and September of each year to maturity with a final maturity in 2050.

A summary of the Authority's activity under the U.S.D.A. Rural Development Loan Program for the year ended December 31, 2023 and 2022 is as follows:

<u>Loan</u>	<u>Original Amount of Loan</u>	<u>Balance Dec.31,2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec.31,2023</u>
LN01	\$1,500,000	\$1,130,212	\$	\$30,806	\$1,099,406
LN03	<u>1,550,000</u>	<u>1,296,377</u>	<u>          </u>	<u>26,423</u>	<u>1,269,954</u>
	<u>\$3,050,000</u>	<u>\$2,426,589</u>	<u>\$</u>	<u>\$57,229</u>	<u>\$2,369,360</u>
Current Portion		\$57,229			\$59,338
Non-Current Portion		<u>2,369,360</u>			<u>2,310,022</u>
		<u>\$2,426,589</u>			<u>\$2,369,360</u>

<u>Loan</u>	<u>Original Amount of Loan</u>	<u>Balance Dec.31,2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec.31,2022</u>
LN01	\$1,500,000	\$1,160,041	\$	\$29,829	\$1,130,212
LN03	<u>1,550,000</u>	<u>1,321,747</u>	<u>          </u>	<u>25,370</u>	<u>1,296,377</u>
	<u>\$3,050,000</u>	<u>\$2,481,788</u>	<u>\$</u>	<u>\$55,199</u>	<u>\$2,426,589</u>
Current Portion		\$55,199			\$57,229
Non-Current Portion		<u>2,426,589</u>			<u>2,369,360</u>
		<u>\$2,481,788</u>			<u>\$2,426,589</u>

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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 8. LONG-TERM DEBT, (continued)**

**New Jersey Environmental Infrastructure Trust Program**

**Series 2010A**

On March 10, 2011, the Authority issued bonds through the New Jersey Environmental Infrastructure Trust Program in order to finance the costs of various improvements to its water supply and distribution system. The \$5,166,375 bonds were issued to evidence loans from the New Jersey Environmental Infrastructure Trust and 0% loans from the State of New Jersey. The Authority is eligible for principal "forgiveness" of \$2,521,109 on the 0% loan under the New Jersey Environmental Infrastructure Trust's ARRA financing program.

**Series 2013A**

On May 22, 2013, the Authority issued bonds through the New Jersey Environmental Infrastructure Trust Program in order to finance various improvements to its water supply and distribution system. The bonds were issued to evidence a loan from the New Jersey Environmental Infrastructure Trust of \$280,000 with interest rates ranging from 3.00% to 5.00%, and a 0% loan from the State of New Jersey in the amount of \$429,182. The Authority is eligible for "principal forgiveness" on the State of New Jersey loan in the amount of \$143,061.

**Series 2014A**

On May 21, 2014, the Authority issued bonds through the New Jersey Environmental Infrastructure Trust Program in order to finance certain improvements to its water supply and distribution system. The bonds were issued to evidence a loan from the New Jersey Environmental Infrastructure Trust of \$515,000 with interest rates ranging from 3.00% to 3.25%, and a 0% loan from the State of New Jersey in the amount of \$1,531,527.

**Series 2017A-1**

On May 25, 2017, the Authority issued bonds through the New Jersey Environmental Infrastructure Trust Program in order to finance certain improvements to its water supply and distribution system. The bonds were issued to evidence a loan from the New Jersey Environmental Infrastructure Trust of \$410,000 with interest rates ranging from 3.00% to 5.00%, and a 0% loan from the State of New Jersey in the amount of \$1,195,352.

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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 8. LONG-TERM DEBT, (continued)**

A summary of the activity under the New Jersey Environmental Infrastructure Trust Program for the year ended December 31, 2023 and 2022 is as follows:

**NJEIT Loans Payable**

	<u>Balance Dec.31,2022</u>	<u>Issued</u>	<u>Deobligated/ Retired</u>	<u>Balance Dec.31,2022</u>
	<u>\$2,973,795</u>	<u>\$</u>	<u>\$292,000</u>	<u>\$2,681,795</u>
Current Portion	\$292,000			\$292,000
Non-Current Portion	<u>2,681,795</u>			<u>2,389,795</u>
	<u>\$2,973,795</u>			<u>\$2,681,795</u>
	<u>Balance Dec.31,2021</u>	<u>Issued</u>	<u>Deobligated/ Retired</u>	<u>Balance Dec.31,2022</u>
	<u>\$3,332,795</u>	<u>\$</u>	<u>\$359,000</u>	<u>\$2,973,795</u>
Current Portion	\$359,000			\$292,000
Non-Current Portion	<u>2,973,795</u>			<u>2,681,795</u>
	<u>\$3,332,795</u>			<u>\$2,973,795</u>

The Authority's schedule of principal and interest for long-term debt issued and outstanding as of December 31, 2023 is as follows:

Period Ending <u>December 31,</u>	U.S.D.A. Rural Development Loans		NJ Environmental Infrastructure Loans		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	59,338	87,436	292,000	29,327	468,101
2025	61,524	85,249	297,000	26,328	470,101
2026	63,793	82,981	297,000	23,978	467,752
2027	66,144	80,629	297,000	22,028	465,801
2028	68,585	78,189	246,457	20,078	413,309
2029-2033	382,858	351,012	1,003,302	64,853	1,802,025
2034-2038	459,154	274,716	249,036	9,490	992,396
2039-2043	550,901	182,969			733,870
2044-2048	557,672	74,290			631,962
2049-2050	<u>99,391</u>	<u>3,791</u>			<u>103,182</u>
	<u>\$2,369,360</u>	<u>\$1,301,262</u>	<u>\$2,681,795</u>	<u>\$196,082</u>	<u>\$6,548,499</u>



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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 9. UNAMORTIZED BOND PREMIUM**

In connection with its New Jersey Environmental Infrastructure Trust financings, the Authority has received premiums of \$122,176. These premiums are being amortized using the straight-line method over the life of the NJEIT loans. The activity and unamortized balance in this account at December 31, 2023 and 2022 is as follows:

<u>Unamortized Balance Dec.31,2022</u>	<u>Premium Received</u>	<u>Amortization</u>	<u>Unamortized Balance Dec.31,2023</u>
<u>\$69,013</u>	<u>\$ _____</u>	<u>\$8,136</u>	<u>\$60,877</u>
<u>Unamortized Balance Dec.31,2021</u>	<u>Premium Received</u>	<u>Amortization</u>	<u>Unamortized Balance Dec.31,2022</u>
<u>\$77,150</u>	<u>\$ _____</u>	<u>\$8,137</u>	<u>\$69,013</u>

**NOTE 10. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to general liability, damage and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority has obtained insurance coverage to guard against these events which will provide minimum exposure to the Authority should they occur.

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 11. DUE FROM STATE OF NEW JERSEY**

The Manchester Utilities was awarded an Acoustical Testing Pilot Program Grant on July 16, 2021 through the New Jersey Board of Public Utilities in the amount of \$272,449.00 for a permanent leak deduction pilot program. The activity and balance in this account at December 31, 2023 and 2022 is as follows:

<u>Balance</u> <u>Dec.31,2022</u>	<u>Increased</u>	<u>Received</u>	<u>Balance</u> <u>Dec.31,2023</u>
<u>\$68,112</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$68,112</u>
<u>Balance</u> <u>Dec.31,2021</u>	<u>Increased</u>	<u>Received</u>	<u>Balance</u> <u>Dec.31,2022</u>
<u>\$ -0-</u>	<u>\$272,449</u>	<u>\$204,337</u>	<u>\$68,112</u>

The balance due at December 31, 2023 represents the final 25% of the grant award to be released at the completion of the project and final report.

**NOTE 12. PENSION PLANS**

Authority employees participate in the State of New Jersey Public Employees' Retirement System (PERS) contributory, defined benefit public employee retirement systems or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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

**Plan Description**

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

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

**Benefits Provided**

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

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

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

**Defined Contribution Retirement Program**

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds originally provided for employee contributions based on 5.5% for PERS. This amount was increased to 6.5% plus an additional 1% phased in over 7 years beginning 2012, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS.

The Authority's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Fiscal Year</u>	<u>PERS</u>	<u>DCRP</u>
2023	\$1,882	\$-0-
2022	1,438	-0-
2021	1,360	-0-

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At December 31, 2023, the Authority reported a liability of \$22,523 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 employers, actuarially determined. At June 30, 2022, the Authority's proportion was .0001492409 percent, which was an increase of .0000264521 percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2023, the Authority recognized pension benefit of \$949. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$163	\$143
Changes of assumptions	70	3,373
Net difference between projected and actual earnings on pension plan investments	932	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>4,034</u>	<u>548</u>
Total	<u>\$5,199</u>	<u>\$4,064</u>

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2022) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2023	\$(1,932)
2024	(984)
2025	(480)
2026	1,047
2027	(2)

**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 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at December 31, 2023 and December 31, 2022 are as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,972,782,878
Authority's Proportion	.0001492409%	.0001227888%

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Actuarial Assumptions**

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions.

**Mortality Rates**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2021.

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Mortality Rates, (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%



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**NOTES TO FINANCIAL STATEMENTS  
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**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**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, 2022, 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:

	June 30, 2022		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Authority's proportionate share of the pension liability	\$29,180	\$22,523	\$17,209

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**NOTES TO FINANCIAL STATEMENTS  
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**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12. PENSION PLANS, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

As of December 31, 2022 and the date of this report, Authority counsel advises that the Authority is involved in unsettled or pending litigation, judgments or claims as described below:

In 2012, litigation was settled in the matter of Volpe v. Manchester Utilities Authority, et al., Docket No. L-5281-09, filed on December 10, 2009. The Borough of Haledon and MUA's insurance carrier has assigned its Counsel to defend the MUA and without the consent of the MUA settled the matter for a lump sum payment of \$325,000.00. To date, the insurance carrier has not formally sought any contribution from the MUA for this payment. However, on June 28, 2013, the insurance company sent a Retention & Coinsurance Reimbursement Invoice requesting the sum of \$100,000.00 to the Borough of Haledon Clerk. The MUA disputes that any monies are due and owing from the MUA to the insurance carrier and as such, has not paid any portion of this reimbursement request. No further action has been taken by the insurance company since the 2013 invoice.

**NOTE 14. SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through April 17, 2024, the date which the financial statements were available to be issued and no items were noted for disclosure.

**THE MANCHESTER UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 15. DESIGNATION OF UNRESTRICTED NET POSITION**

As of December 31, 2023 and 2022, the Authority's accounts maintain funds that, although may be spent for any lawful purpose by the Authority, have been designated by the Board for the following purposes and amounts:

	<u>2023</u>	<u>2022</u>
Leak Detection Program	<u>\$16,529</u>	<u>\$32,954</u>
	<u>\$16,529</u>	<u>\$32,954</u>

**NOTE 16. UNRESTRICTED NET POSITION**

At December 31, 2023 and 2022 the Authority's unrestricted net position was comprised of the following:

	<u>2023</u>	<u>2022</u>
Pension Related Items	\$(21,388)	\$(24,219)
Available for use in Future Budget	<u>570,430</u>	<u>131,400</u>
Net Position- Unrestricted	<u>\$549,042</u>	<u>\$107,181</u>

**NOTE 17. OTHER MATTERS**

**Subordinate Bonds:**

At its October 15, 2018 meeting, the Authority passed Resolution Number 2018-37 authorizing the issuance of not exceeding \$2,900,000 Subordinate Bonds and providing for their sale to the New Jersey Infrastructure Bank and the State of New Jersey. These bonds will be issued to fund improvements to the Authority's system including the relocation and replacement of the High Service Pump Station and the upgrade of the Heights Storage Tank.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 17. OTHER MATTERS, (continued)**

**Non-Revenue Water Billings:**

Through the Authority's investigations into ongoing non-revenue water billings by the Passaic Valley Water Commission to the MUA, it was discovered that various interconnections between the MUA and Passaic Valley Water Commission's systems were open and the MUA was supplying water back to the Passaic Valley Water Commission for which the MUA does not bill its customers. The MUA has requested that the Passaic Valley Water Commission perform certain investigative measures in order to determine the amount of unmetered flow back to the Passaic Valley Water Commission. The Manchester Utilities is deducting \$20,100 per month from the monthly purchased water bill from the Passaic Valley Water Commission until the suspected locations of unmetered flow back to the PVWC are resolved. The billing deductions were applied starting on the May 2023 bill and will be adjusted annually as PVWC rates are adjusted each year. For the year ended December 31, 2023, the amount billed to the MUA by the Passaic Valley Water Commission was \$1,637,136 and the amount deducted by the MUA was \$180,900. This amount has not been recorded as a liability on the Manchester Utilities Authority's book, but is considered a contingency as final amounts due/credits have not been determined.

**Required Supplementary Information - Part II**

**MANCHESTER UTILITIES AUTHORITY**  
**Schedules of Required Supplementary Information**  
**Schedule of Authority's Share of Net Pension Liability - PERS**  
*Last 10 Fiscal Years\**

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset)	0.0001492409%	0.0001227888%	0.0001243202%	0.0001266570%	0.0001281820%	0.0001298585%	0.0001307990%	0.0001305058%
Authority's proportionate share of the net pension liability (asset)	\$ 22,523	\$ 14,546	\$ 20,273	\$ 28,822	\$ 25,238	\$ 30,229	\$ 38,739	\$ 29,296
Authority's covered payroll - PERS	\$ 11,000	\$ 11,000	\$ 9,500	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	204.75%	132.24%	213.40%	320.24%	280.42%	335.88%	430.43%	325.51%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

\* GASB requires that ten years of information be presented. Since fiscal year 2015 was the first year of GASB 68 implementation however, ten years is not presented. Each year an additional year will be included until ten years of data is presented.

**MANCHESTER UTILITIES AUTHORITY**  
**Schedules of Required Supplementary Information**  
**Schedule of Authority's Contributions - PERS**  
*Last 10 Fiscal Years\**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,882.00	\$ 1,438.00	\$ 1,360.00	\$ 1,232.00	\$ 1,275.00	\$ 1,203.00	\$ 1,162.00	\$ 1,122.00
Contributions in relation to the contractually required contribution	\$ (1,882.00)	\$ (1,438.00)	\$ (1,360.00)	\$ (1,232.00)	\$ (1,275.00)	\$ (1,203.00)	\$ (1,162.00)	\$ (1,122.00)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll - PERS	\$ 11,000	\$ 11,000	\$ 9,500	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Contributions as a percentage of covered payroll	17.11%	13.07%	14.32%	13.69%	14.17%	13.37%	12.91%	12.47%

\* GASB requires that ten years of information be presented. Since fiscal year 2015 was the first year of GASB 68 implementation however, ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**MANCHESTER UTILITIES AUTHORITY**  
**Note to Required Schedules of Supplementary Information**  
**For the Year Ended December 31, 2023**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the PERS liability are presented in Note 12 to the financial statements.



**Supplementary Schedules**

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
**Schedule of Revenue, Expenses and Changes in Net Position**  
**Restricted and Unrestricted**  
**For The Year Ended December 31,**

**Schedule 1**

	Unrestricted	Net Investment in Capital Assets	Totals (Memo)	
			2023	2022
<b>Operating Revenues:</b>				
Rents	3,415,112		3,415,112	3,231,932
Fire Hydrant Service	199,167		199,167	241,088
Sprinklers	20,917		20,917	16,648
Connection Fees	39,861		39,861	16,876
Miscellaneous	58,407		58,407	24,844
Clean Energy Fund			-	68,112
Interest on Investments	20,719		20,719	4,901
<b>Total Operating Revenue</b>	<b>3,754,183</b>	<b>-</b>	<b>3,754,183</b>	<b>3,604,401</b>
<b>Operating Expenses:</b>				
Cost of Providing Services	2,547,799		2,547,799	2,611,435
Administrative and Executive	314,265		314,265	318,238
Depreciation		472,155	472,155	472,572
<b>Total Operating Expenses</b>	<b>2,862,064</b>	<b>472,155</b>	<b>3,334,219</b>	<b>3,402,245</b>
<b>Operating Income</b>	<b>892,119</b>	<b>(472,155)</b>	<b>419,964</b>	<b>202,156</b>
<b>Non-Operating Revenue/(Expenses):</b>				
Debt Service	(117,454)		(117,454)	(292,441)
Amortization		8,136	8,136	(1,552)
<b>Total Non-Operating Revenue/(Expenses)</b>	<b>(117,454)</b>	<b>8,136</b>	<b>(109,318)</b>	<b>(293,993)</b>
<b>Net Income / (Loss) Before Transfers and Contributions</b>	<b>774,665</b>	<b>(464,019)</b>	<b>310,646</b>	<b>(91,837)</b>
<b>Transfers:</b>				
Bond Principal Paid	(349,229)	349,229	-	
<b>Increase / (Decrease) in Net Position</b>	<b>425,436</b>	<b>(114,790)</b>	<b>310,646</b>	<b>(91,837)</b>
<b>Net Position - January 1,</b>	<b>140,135</b>	<b>10,906,174</b>	<b>11,046,309</b>	<b>11,138,146</b>
<b>Net Position - December 31,</b>	<b>565,571</b>	<b>10,791,384</b>	<b>11,356,955</b>	<b>11,046,309</b>
<b>Analysis:</b>				
Designated	16,529			
Undesignated	549,042			
	<b>565,571</b>			

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
**Schedule of Cash Receipts, Cash Disbursements and**  
**Changes in Cash and Cash Equivalents -**  
**Unrestricted and Restricted Accounts**  
**Year Ended December 31, 2023**

	Operating Account	Revenue	Debt Service	Escrow Account	Total
<b>Cash and Cash Equivalents - January 1, 2023</b>	\$ (349,927)	\$ 1	\$ 1	\$ 13,966	(335,959)
<b>Cash Receipts:</b>					
Interest on Investments and Deposits	20,727			84	20,811
Water Rents	3,591,432				3,591,432
Fire Hydrant Service	199,167				199,167
Sprinklers	20,917				20,917
Connection Fees	39,861				39,861
Other	58,360				58,360
Escrow Deposits				33,315	33,315
Transfers			373,883		373,883
	<u>3,930,464</u>	<u>-</u>	<u>373,883</u>	<u>33,399</u>	<u>4,337,746</u>
<b>Cash Disbursements:</b>					
Operations	2,869,952		2,385		2,872,337
Principal Payments	84,457		264,772		349,229
Interest Payments	11,531		106,726		118,257
Escrow Payments				36,613	36,613
Transfers	373,883				373,883
	<u>3,339,823</u>	<u>-</u>	<u>373,883</u>	<u>36,613</u>	<u>3,750,319</u>
<b>Cash and Cash Equivalents - December 31, 2023</b>	<u>\$ 240,714</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>10,752</u>	<u>251,468</u>
<b>ANALYSIS OF BALANCE:</b>					
Unrestricted	240,714	1	1	-	240,716
Restricted	-	-	-	10,752	10,752
	<u>\$ 240,714</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>10,752</u>	<u>\$ 251,468</u>
Cash and Cash Equivalents	240,714	1	1	10,752	251,468
Investments	-	-	-	-	-
	<u>\$ 240,714</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>10,752</u>	<u>\$ 251,468</u>

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Supplementary Schedule of Operating Revenues and Appropriations -  
Budget vs. Actual  
Year Ended December 31, 2023  
With Comparative Actual Amounts  
in December 31, 2022

	2023 Original Budget	2023 Final Budget	2023 Actual	Variance	2022 Actual
<b>Revenues:</b>					
Net Position Utilized				-	86,900
Service Fees	3,093,500	3,093,500	3,415,112	321,612	3,231,932
Fire Hydrant Service	168,300	168,300	199,167	30,867	241,088
Sprinklers	21,200	21,200	20,917	(283)	16,648
Connection Fees			39,861	39,861	16,876
Miscellaneous	30,000	30,000	58,407	28,407	24,844
Clean Energy Fund				-	68,112
Interest on Investments and Deposits	10,000	10,000	20,719	10,719	4,901
<b>Total Operating Revenues</b>	<b>3,323,000</b>	<b>3,323,000</b>	<b>3,754,183</b>	<b>431,183</b>	<b>3,691,301</b>
<b>Expenses:</b>					
<b>Administration:</b>					
Salaries and Wages	15,000	15,000	16,000	(1,000)	16,208
Social Security			1,224	(1,224)	1,240
PERS Pension			1,882	(1,882)	1,438
Office Supplies	5,000	5,000	9,628	(4,628)	8,960
Postage	7,000	7,000	6,342	658	9,224
Administrative Fees	35,000	35,000	23,915	11,085	27,845
Service Contracts	5,000	5,000	11,696	(6,696)	5,108
State Taxes and Fees	5,000	5,000	12,382	(7,382)	8,045
Attorney Fees	67,000	67,000	41,735	25,265	35,768
Engineering Fees	70,000	70,000	154,298	(84,298)	172,932
Auditor Fees	35,000	35,000	31,550	3,450	29,150
Bank Fees	1,000	1,000	-	1,000	-
Bookkeeper	6,000	6,000	6,000	-	6,000
<b>Subtotal Administration</b>	<b>251,000</b>	<b>251,000</b>	<b>316,652</b>	<b>(65,652)</b>	<b>321,918</b>
<b>Cost of Providing Services:</b>					
Borough Contract	600,000	600,000	579,881	20,119	554,961
Chemicals	10,000	10,000	12,271	(2,271)	12,083
Permits	3,000	3,000	3,150	(150)	936
Telephone	5,000	5,000	4,806	194	5,116
Lab Testing	15,500	15,500	19,334	(3,834)	11,530
Legal Advertisoments	3,000	3,000	1,124	1,876	1,163
Licensed Operator	34,000	34,000	37,072	(3,072)	39,599
Maintenance to Buildings	2,000	2,000	4,185	(2,185)	1,321
Meter Purchases & Replacement	17,000	17,000	19,389	(2,389)	16,523
MUA Operations	5,000	5,000	-	5,000	-
Passaic Valley Water Commission	1,451,000	1,451,000	1,456,236	(5,236)	1,500,352
Pump Maintenance	5,000	5,000	31,249	(26,249)	20,070
Emergency Repairs	296,500	296,500	195,810	100,690	229,097
Leak Detection (Clean Energy Fund)			16,425	(16,425)	71,395
Utilities	138,000	138,000	136,757	1,243	113,137
Hydrant Repairs			3,260	(3,260)	11,349
Computer Maintenance/Software	7,000	7,000	6,466	534	7,242
Other Insurance	2,000	2,000	900	1,100	972
Subscriptions/Dues	1,600	1,600	1,948	(348)	979
Miscellaneous	5,000	5,000	17,536	(12,536)	13,610
<b>Subtotal Cost of Providing Services</b>	<b>2,600,600</b>	<b>2,600,600</b>	<b>2,547,799</b>	<b>52,801</b>	<b>2,611,435</b>

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Supplementary Schedule of Operating Revenues and Appropriations -  
Budget vs. Actual  
Year Ended December 31, 2023  
With Comparative Actual Amounts  
in December 31, 2022

	<u>2023</u> <u>Original</u> <u>Budget</u>	<u>2023</u> <u>Final</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>Variance</u>	<u>2022</u> <u>Actual</u>
<b>Debt Service:</b>					
Bond Principal				-	165,000
USDA Loan #1	67,290	67,290	67,248	42	67,250
USDA Loan #2	79,782	79,782	79,348	434	79,354
Interest on Bonds				-	2,990
NJBIF Loans	<u>324,328</u>	<u>324,328</u>	<u>320,087</u>	<u>4,241</u>	<u>392,046</u>
Subtotal Debt Service	<u>471,400</u>	<u>471,400</u>	<u>466,683</u>	<u>4,717</u>	<u>706,640</u>
<b>Total Costs Funded by</b>					
<b>Operating Revenues</b>	<u>3,323,000</u>	<u>3,323,000</u>	<u>3,331,134</u>	<u>(8,134)</u>	<u>3,639,993</u>
<b>Excess/(Deficit) of Total Revenues</b>					
<b>Over/(Under) Total Expenses</b>	<u>-</u>	<u>-</u>	423,049	<u>423,049</u>	51,308
<b>Reconciliation of Budgetary Basis</b>					
<b>To Change in Net Position:</b>					
Depreciation			(472,155)		(472,572)
Amortization			8,136		(1,552)
Pension Adjustment			2,387		3,680
USDA Loan Principal			57,229		55,199
NJET Principal			292,000		359,000
Net Position Appropriated			<u>-</u>		<u>(86,900)</u>
<b>Change in Net Position</b>			<u>310,646</u>		<u>(91,837)</u>

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
**Schedule of Bonds and Loans Payable**  
**December 31, 2023**

Date	Original Amount	Interest Rate	Maturities		Balance 01/01/23	Issued	Redeemed or Retired	Balance 12/31/23
			Date	Amount				
03/10/10	1,260,555	0.000%	02/01/2024	23,344				
		0.000%	08/01/2024	46,687				
		0.000%	02/01/2025	23,344				
		0.000%	08/01/2025	46,687				
		0.000%	02/01/2026	23,344				
		0.000%	08/01/2026	46,687				
		0.000%	02/01/2027	23,344				
		0.000%	08/01/2027	46,687				
		0.000%	02/01/2028	9,487				
					359,642		70,051	289,611

New Jersey Environmental  
Infrastructure Trust - Fund  
Loan Series 2010

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Schedule of Bonds and Loans Payable  
December 31, 2023

Date	Original		Interest Rate	Maturities	Balance 01/01/23	Issued	Redeemed or Retired	Balance 12/31/23
	Date	Amount						
New Jersey Environmental Infrastructure Trust - Trust Loan Series 2013A	05/22/13	280,000	5.000%	08/01/2024	15,000			
			3.000%	08/01/2025	15,000			
			3.000%	08/01/2026	15,000			
			3.000%	08/01/2027	15,000			
			3.000%	08/01/2028	20,000			
			3.000%	08/01/2029	20,000			
			3.000%	08/01/2030	20,000			
			3.000%	08/01/2031	20,000			
		3.000%	08/01/2032	20,000	175,000		15,000	160,000
New Jersey Environmental Infrastructure Trust - Fund Loan Series 2013A	05/22/13	286,121	0.000%	02/01/2024	5,155			
				08/01/2024	10,311			
				02/01/2025	5,155			
				08/01/2025	10,311			
				02/01/2026	5,155			
				08/01/2026	10,311			
				02/01/2027	5,155			
				08/01/2027	10,311			
				02/01/2028	5,155			
				08/01/2028	10,311			
			02/01/2029	5,155				
			08/01/2029	10,311				
			02/01/2030	1,028	109,290		15,466	93,824

THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)  
Schedule of Bonds and Loans Payable  
December 31, 2023

Date	Original		Interest Rate	Maturities Date	Amount	Balance 01/01/23	Issued	Retiree'd or Retired	Balance 12/31/23
	Date	Amount							
05/21/14		515,000	5.000%	08/01/2024	25,000				
			3.000%	08/01/2025	30,000				
			3.000%	08/01/2026	30,000				
			3.000%	08/01/2027	30,000				
			3.000%	08/01/2028	30,000				
			3.600%	08/01/2029	30,000				
			3.600%	08/01/2030	35,000				
			3.000%	08/01/2031	35,000				
			3.125%	08/01/2032	35,000				
			3.250%	08/01/2033	35,000	340,000		25,000	315,000
05/21/14		1,531,527	0.000%	02/01/2024	27,349				
				08/01/2024	54,697				
				02/01/2025	27,349				
				08/01/2025	54,697				
				02/01/2026	27,349				
				08/01/2026	54,697				
				02/01/2027	27,349				
				08/01/2027	54,697				
				02/01/2028	27,349				
				08/01/2028	54,697				
				02/01/2029	27,349				
				08/01/2029	54,697				
				02/01/2030	27,349				
	08/01/2030	54,697							
	02/01/2031	27,349							
	08/01/2031	54,697							
	02/01/2032	27,349							
	08/01/2032	16,034							
						781,797		82,046	699,751



**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Hudson)  
Schedule of Bonds and Loans Payable  
December 31, 2022

Date	Original		Interest Rate	Maturities		Balance 01/01/23	Issued	Redeemed or Retired	Balance 12/31/23
	Date	Amount		Date	Amount				
05/25/17		410,000	5.000%	08/01/2024	20,000				
			5.000%	08/01/2025	20,000				
			3.000%	08/01/2026	20,000				
			3.800%	08/01/2027	20,000				
			3.000%	08/01/2028	25,000				
			3.000%	08/01/2029	25,000				
			3.000%	08/01/2030	25,000				
			3.000%	08/01/2031	25,000				
			3.000%	08/01/2032	25,000				
			3.125%	08/01/2033	25,000				
			3.250%	08/01/2034	25,000				
			3.250%	08/01/2035	30,000				
			3.375%	08/01/2036	30,000				
						335,000		20,000	315,000

New Jersey Environmental  
Infrastructure Trust - Trust  
Loan Series 2017A-1

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
**Schedule of Bonds and Loans Payable**  
December 31, 2023

Date	Original Amount	Interest Rate	Date	Maturities Amount	Balance 01/01/23	Issued	Redeemed or Retired	Balance 12/31/23
05/25/17	1,195,352		02/01/2024	21,486				
			08/01/2024	42,971				
			02/01/2025	21,486				
			08/01/2025	42,972				
			02/01/2026	21,486				
			08/01/2026	42,971				
			02/01/2027	21,486				
			08/01/2027	42,971				
			02/01/2028	21,486				
			08/01/2028	42,971				
			02/01/2029	21,486				
			08/01/2029	42,972				
			02/01/2030	21,486				
			08/01/2030	42,971				
			02/01/2031	21,486				
			08/01/2031	42,971				
			02/01/2032	21,486				
			08/01/2032	42,971				
			02/01/2033	21,486				
			08/01/2033	42,972				
			02/01/2034	21,486				
			08/01/2034	42,971				
			02/01/2035	21,486				
			08/01/2035	42,971				
			02/01/2036	21,486				
			08/01/2036	13,636				
					873,066		64,457	808,609

New Jersey Environmental  
Infrastructure Trust - Fund  
Loan Series 2017A-1

THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)  
Schedule of Bonds and Loans Payable  
December 31, 2023

Date	Original Amount	Interest Rate	Maturities		Balance 01/01/23	Issued	Redeemed or Retired	Balance 12/31/23
			Date	Amount				
05/21/07	1,500,000	3.250%	05/21/2024	15,780				
			11/20/2024	16,036				
			05/21/2025	16,297				
			11/20/2025	16,561				
			05/21/2026	16,831				
			11/20/2026	17,104				
			05/21/2027	17,382				
			11/20/2027	17,664				
			05/21/2028	17,952				
			11/20/2028	18,243				
			05/21/2029	18,540				
			11/20/2029	18,841				
			05/21/2030	19,147				
			11/20/2030	19,458				
			05/21/2031	19,775				
			11/20/2031	20,096				
			05/21/2032	20,422				
			11/20/2032	20,754				
			05/21/2033	21,092				
			11/20/2033	21,434				
			05/21/2034	21,783				
			11/20/2034	22,137				
			05/21/2035	22,496				
			11/20/2035	22,862				

United States Department  
of Agriculture Rural  
Development Loan (LN-01)

THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)  
Schedule of Bonds and Loans Payable  
December 31, 2023

Date	Original		Interest Rate	Maturities		Balance 01/01/23	Issued	Redeemed or Retired	Balance 12/31/23
	Date	Amount		Date	Amount				
05/21/07		1,500,000	3.250%	05/21/2036	23,233				
				11/20/2036	23,611				
				05/21/2037	23,995				
				11/20/2037	24,384				
				05/21/2038	24,781				
				11/20/2038	25,183				
				05/21/2039	25,593				
				11/20/2039	26,009				
				05/21/2040	26,431				
				11/20/2040	26,861				
				05/21/2041	27,297				
				11/20/2041	27,741				
				05/21/2042	28,192				
				11/20/2042	28,650				
				05/21/2043	29,115				
				11/20/2043	29,588				
				05/21/2044	30,069				
				11/20/2044	30,558				
				05/21/2045	31,054				
				11/20/2045	31,559				
				05/21/2046	32,072				
				11/20/2046	32,593				
				05/21/2047	32,150				
						1,130,212		30,806	1,099,406

United States Department  
of Agriculture Rural  
Development Loan (LN-01)  
(Cont'd.)

THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)  
Schedule of Bonds and Loans Payable  
December 31, 2023

Date	Original		Interest Rate	Maturities		Balance 01/01/23	Issued	Redeemed or Retired	Balance 12/31/23
	Date	Amount		Date	Amount				
03/29/10		1,530,000	4.125%	03/29/2024	13,621				
				09/29/2024	13,901				
				03/29/2025	14,187				
				09/29/2025	14,479				
				03/29/2026	14,777				
				09/29/2026	15,081				
				03/29/2027	15,391				
				09/29/2027	15,707				
				03/29/2028	16,050				
				09/29/2028	16,360				
				03/29/2029	16,697				
				09/29/2029	17,040				
				03/29/2030	17,391				
				09/29/2030	17,748				
				03/29/2031	18,115				
				09/29/2031	18,486				
				03/29/2032	18,866				
				09/29/2032	19,254				
				03/29/2033	19,650				
				09/29/2033	20,054				
				03/29/2034	20,467				
				09/29/2034	20,888				
				03/29/2035	21,317				
				09/29/2035	21,756				
				03/29/2036	22,203				
				09/29/2036	22,660				
				03/29/2037	23,126				
				09/29/2037	23,602				

United States Department  
of Agriculture Rural  
Development Loan (LN-03)

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Schedule of Bonds and Loans Payable  
December 31, 2022

Date	Original		Interest Rate	Maturities		Balance 01/01/22	Issued	Redeemed or Retired	Balance 12/31/22
	Date	Amount		Date	Amount				
03/29/10		1,550,000	4.125%	03/29/2038	24,087				
				09/29/2038	24,583				
				03/29/2039	25,088				
				09/29/2039	25,604				
				03/29/2040	26,131				
				09/29/2040	26,669				
				03/29/2041	27,217				
				09/29/2041	27,777				
				03/29/2042	28,348				
				09/29/2042	28,931				
				03/29/2043	29,526				
				09/29/2043	30,134				
				03/29/2044	30,753				
				09/29/2044	31,386				
				03/29/2045	32,032				
				09/29/2045	32,690				
				03/29/2046	33,363				
				09/29/2046	34,049				
				03/29/2047	34,749				
				09/29/2047	35,464				
				03/29/2048	36,193				
				09/29/2048	36,938				
				03/29/2049	37,698				
				09/29/2049	38,473				
				03/29/2050	39,219				
						1,296,377		26,423	1,269,954
						5,400,384		349,229	5,051,155
						349,229			351,338
						5,051,155			4,699,817
						5,400,384			5,051,155

Grand Totals

Current Portion  
Non-Current Portion

**THE MANCHESTER UTILITIES AUTHORITY**  
(A Component Unit of the Borough of Haledon)  
Roster of Officials  
December 31, 2023

**Commissioners**

Victor D'Ambrosio

Dewan Chowdhury

Carlos Moczo

Geraldine Flach-Sybesma

Anthony Smith

Michael Alfano

**Authority Consultant**

ARCADIS

**General Counsel**

Fronzuto Law Group

**Bond Counsel**

Hawkins, Delafield & Wood, LLP

**Authority Auditor**

Wielkocz & Company

**Government Auditing Standards Report**





# WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
JAMES J. CERULLO, CPA, RMA, PSA  
KARI FERGUSON, CPA, RMA, CMFO, PSA  
ROBERT C. MCNINCH, CPA, CFE, PSA  
KEVIN REEVES, CPA, PSA

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**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**

Honorable Chairman and Commissioners  
of the Manchester Utilities Authority  
Haledon, NJ 07508

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Manchester Utilities Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2024.

***Internal Control Over Financial Reporting***

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

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



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

***Compliance and Other Matters***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wielkottz & Company, LLC***

WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

April 17, 2024



**Comments and Recommendations**

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**COMMENTS AND RECOMMENDATIONS**

**Contracts and Agreements Required to be Advertised Per N.J.S. 40A:11-3**

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term ‘competitive contracting’, which is defined as “the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.”

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.” If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$44,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

N.J.S.A. 40A:11-4 states that every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

Effective July 1, 2020, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$44,000.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. “Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**COMMENTS AND RECOMMENDATIONS  
(CONTINUED)**

The governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Authority's attorney should be sought before a commitment is made.

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.

Our examination of expenditures did not reveal any individual payments, contracts or agreements "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of the statutory thresholds other than those where bids had been previously sought by public advertisement or where a resolution had previously been adopted under the provisions of N.J.S.A. 40A:11-6.

Our review of the Authority's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**COMMENTS AND RECOMMENDATIONS  
(CONTINUED)**

**COMMENTS**

None

**RECOMMENDATIONS**

None

**THE MANCHESTER UTILITIES AUTHORITY  
(A Component Unit of the Borough of Haledon)**

**STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS**

No findings or recommendations were reported in the prior year.

**APPRECIATION**

We want to express our appreciation for the assistance and courtesies rendered by Authority Officials during the course of the audit.