

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**

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

**FINANCIAL STATEMENTS AND**

**SUPPLEMENTARY INFORMATION**

**WITH INDEPENDENT AUDITOR'S REPORTS**

**AND COMMENTS AND RECOMMENDATIONS**

**ROBERT A. HULSART AND COMPANY**  
**Certified Public Accountants**

**2807 Hurley Pond Road, Suite 100**  
**P.O. Box 1409**  
**Wall, New Jersey 07719**

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**

**FINANCIAL STATEMENTS**

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

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditor's Report	1 to 3.
Management's Discussion and Analysis	4 & 5.
<b><u>Financial Statements</u></b>	
Exhibit A – Statement of Net Position as of December 31, 2023 and 2022	6.
Exhibit B – Statement of Revenues, Expenses and Changes in Net Position	7.
Exhibit C – Statement of Cash Flows	8.
Notes to Financial Statements	9 to 15.
<b><u>Other Supplemental Information</u></b>	
Schedule 1 – Schedule of Debt Service Requirements, By Years	16 to 17.
Schedule 2 – Comparison of Revenues and Costs (Budgetary Basis)	18.
Schedule 3 – Board of Commissioners and Management	19.
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	20 & 21.
Comments and Recommendations	22.

# Robert A. Hulsart and Company

1.

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Commissioners  
Southeast Monmouth Municipal Utilities Authority  
Wall, New Jersey

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

#### ***Opinions***

We have audited the financial statements of the Southeast Monmouth Municipal Utilities Authority (the "Authority"), as of and for the year ended December 31, 2023 and 2022, and the related Notes to the Financial Statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error; a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

***Robert A. Hulsart and Company***

Independent Auditors

---

**Robert A. Hulsart, Jr.**  
**Certified Public Accountant**

Wall Township, New Jersey  
August 2, 2024

**SOUTHEAST MONMOUTH MUNICIPAL****UTILITIES AUTHORITY**

**c/o Wall Township  
2700 Allaire Road  
Wall, New Jersey 07719**

August 2, 2024

Board of Commissioners of  
Southeast Monmouth Municipal Utilities Authority  
Wall, New Jersey 07719

The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standard Boards (GASB) Statement No. 34 – "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" issued in June 1999.

**Financial Statements**

The financial statements included in this report are the Balance Sheets, Statement of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows as of and for the years ended December 31, 2023 and 2022.

The balance sheets show the financial position of the Southeast Monmouth Municipal Utilities Authority (the "Authority") at December 31<sup>st</sup> of each year. Assets are compared with Liabilities and Net Position are the result.

The Statements of Revenues, Expenses, and Changes in Net Position measure performance for each year and how this performance impacts Net Position.

Finally, the Statements of Cash Flows demonstrates why cash balances increased or decreased during the year.

**Financial Analysis**

In September 2009, the Authority issued water treatment facilities revenue bonds and assumed the New Jersey Infrastructure Trust Loans of Monmouth County Improvement Authority to acquire the Manasquan water treatment plant and transmission system.

At December 31, 2023 and 2022 the Authority had total assets of \$32.3 million and \$32 million, respectively. Cash decreased by \$1,618,135, accounts receivable were unchanged and accumulated depreciation increased by \$368,222.

The Authority's operating revenues of \$4.2 million was primarily treated water revenue from its members under the treated water purchase contracts. Operating expenses were made up of costs and operations and depreciation totaling \$3.5 million. This resulted in operating income of \$735,728.

### Condensed Financial Information

Key Authority financial information for the year includes the following:

	<b>ASSETS</b>	
	<u>2023</u>	<u>2022</u>
Unrestricted Currents Assets	\$ 1,225,254	1,143,867
Restricted Non-Current Assets	12,719,339	14,420,280
Capital Assets, Net of Accumulated Depreciation	<u>18,392,589</u>	<u>16,479,726</u>
Total Assets	<u>\$ 32,337,182</u>	<u>32,043,873</u>

### **LIABILITIES AND NET POSITION**

Current Liabilities Payable from Current Assets	\$ 12,000	12,000
Current Liabilities Payable from Restricted Assets	4,414,001	4,912,889
Non-Current Liabilities	6,057,694	6,912,695
Net Position:		
Invested in Capital Assets, Net of Related Debt	5,573,577	4,654,142
Unrestricted	<u>16,279,910</u>	<u>15,552,147</u>
Total Liabilities and Net Position	<u>\$ 32,337,182</u>	<u>32,043,873</u>

### Other Financial Information

Total Operating Revenue	\$ 4,210,508	4,217,984
Total Operating Expenses	<u>3,475,180</u>	<u>3,659,926</u>
Operating Income	735,328	558,058
Adjustments – Schedule B	301,977	104,661
Non-Operating Revenues	<u>609,893</u>	<u>84,762</u>
Change in Net Position	<u>\$ 1,647,198</u>	<u>747,481</u>

The Authority's financial report is designated to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined at 2700 Allaire Road, Wall, New Jersey during the Authority's business hours.

**FINANCIAL STATEMENTS**



STATEMENT OF NET POSITIONAS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 426,235	343,429
Accounts Receivable	799,019	800,438
Total Current Assets	<u>1,225,254</u>	<u>1,143,867</u>
Non-Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	12,719,339	14,420,280
Total Non-Current Assets	<u>12,719,339</u>	<u>14,420,280</u>
Capital Assets:		
Construction in Progress	2,748,523	401,206
Property, Plant and Equipment	21,436,423	21,502,655
Less: Accumulated Depreciation	<u>(5,792,357)</u>	<u>(5,424,135)</u>
Total Net Capital Assets	<u>18,392,589</u>	<u>16,479,726</u>
Total Assets	<u>\$ 32,337,182</u>	<u>32,043,873</u>
<b>Liabilities and Net Position</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 12,000	12,000
Total Current Liabilities	<u>12,000</u>	<u>12,000</u>
Current Liabilities Payable from Restricted Assets:		
Current Portion of Loans and Bonds Payable - NJEIT	724,001	757,889
Current Portion of Water Revenue Notes	3,575,000	4,035,000
Current Portion of Water Revenue Bonds	115,000	120,000
Total Current Liabilities Payable from Restricted Assets:	<u>4,414,001</u>	<u>4,912,889</u>
Non-Current Liabilities:		
Long-Term Portion of Loans and Bonds Payable - NJEIT	2,827,694	3,567,695
Long-Term Portion of Water Revenue Bonds	3,230,000	3,345,000
Total Non-Current Liabilities	<u>6,057,694</u>	<u>6,912,695</u>
Total Liabilities	<u>10,483,695</u>	<u>11,837,584</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	5,573,577	4,654,142
Unrestricted	16,279,910	15,552,147
Total Net Position	<u>21,853,487</u>	<u>20,206,289</u>
Total Liabilities and Net Position	<u>\$ 32,337,182</u>	<u>32,043,873</u>

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

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

**Exhibit B**

	<u>2023</u>	<u>2022</u>
Operating Revenue:		
Treated Water Revenue	\$ 4,210,508	4,217,984
Operating Expenses:		
Cost of Operations	2,926,800	3,098,250
Depreciation (Net)	548,380	561,676
Total Operating Expenses	<u>3,475,180</u>	<u>3,659,926</u>
Operating Income	<u>735,328</u>	<u>558,058</u>
Non-Operating Revenues (Expenses):		
Interest Income	609,893	84,762
Total Non-Operating Revenues (Expenses)	<u>609,893</u>	<u>84,762</u>
Adjustments:		
Capital Assets	301,977	104,661
Total Adjustments	<u>301,977</u>	<u>104,661</u>
Change in Net Position	1,647,198	747,481
Total Net Position - Beginning of Year	<u>20,206,289</u>	<u>19,458,808</u>
Total Net Position - End of Year	<u>\$ 21,853,487</u>	<u>20,206,289</u>

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

**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash Received from Members	\$ 4,210,508	4,217,984
Payments to Suppliers	(4,712,666)	(2,993,399)
Net Cash Provided by Operating Activities	<u>(502,158)</u>	<u>1,224,585</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets		
Bond Proceeds		3,465,000
Note Proceeds	7,310,000	4,035,000
Principal Payments - Bonds	(120,000)	(270,000)
Principal Payments - Loans	(757,859)	(477,888)
Principal Payments - Notes	(7,770,000)	
Interest Payments	(386,011)	(106,480)
Net Cash Used in Capital and Related Financing Activities	<u>(1,723,870)</u>	<u>6,645,632</u>
Cash Flows from Investing Activities:		
Interest Income	<u>609,893</u>	<u>84,762</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(1,616,135)	7,954,979
Cash and Cash Equivalents - Beginning of Year	<u>14,763,709</u>	<u>6,808,730</u>
Cash and Cash Equivalents - End of Year	<u>\$ 13,147,574</u>	<u>14,763,709</u>
Cash and Cash Equivalents Per Financial Statements:		
Unrestricted Cash and Cash Equivalents	\$ 426,235	343,429
Restricted Cash and Cash Equivalents	<u>12,719,339</u>	<u>14,420,280</u>
Total Cash and Cash Equivalents Per Financial Statements	<u>\$ 13,145,574</u>	<u>14,763,709</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 735,328	558,058
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	548,380	561,676
Changes in Assets and Liabilities:		
Accounts Receivable	(1,419)	8,678
Construction in Progress/Capital	<u>(1,784,447)</u>	<u>96,173</u>
Net Cash Provided by Operating Activities	<u>\$ (502,158)</u>	<u>1,224,585</u>

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

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 1: General**

The Southeast Monmouth Municipal Utilities Authority (the “Authority”), a public body, was created in 2008 and began operations in August 2009 to purchase and operate the Manasquan Water Treatment Plant and Transmission System (the “System”) in order to maintain, operate and improve the System and to foster and promote the provision and distribution of an adequate supply of water for public and private use. The Authority serves the Borough of Brielle, the Borough of Sea Girt, the Borough of Spring Lake, the Borough of Spring Lake Heights, and the Township of Wall. Each participated municipality is defined as a “Member”. The Authority entered into a Treated Water Purchase Contract with each of its Members, obligating each Member to make payments to the Authority for its proportionate share of the Authority’s operating expenses, debt service and required reserves.

The Authority was established pursuant to parallel ordinances adopted by each of the Member municipalities as a body corporate and politic of the State of New Jersey, organized and existing under and pursuant to the Municipal Utilities Authorities Law (N.J.S.A. 40:14B-1, et seq.).

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 wastewater and sewage sludge. The statutes were enacted as the “Municipal and Counties Utilities Authorities Act”, and are codified in New Jersey Statutes annotated as N.J.S.A. 40:14B-1 et seq. Additional statutory requirements relating to the financial operations of independent local authorities were established as the “Local Authorities Fiscal Control Law”, which is codified as N.J.S.A. 40A:5A-1 et seq. The provisions of the Local Authorities Control Law established the Local Finance Board and the Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, as oversight agencies for the creation, project financing, budgeting and overall financial conditions of local authorities.

The Board of Commissioners of the Authority consists of five members, appointed by each of the Member municipalities.

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

**A. Reporting Entity**

The Authority is considered to be a legally separate entity, stand-alone governmental unit under accounting principles generally accepted in the United States of America (GAAP). This determination is based on three factors; the Authority is able to determine its budget without another government having the authority to approve and modify that budget, the Authority is able to set rates without approval from another government, and the Authority has the ability to issue debt without the approval of another government.

**NOTE 1: General (Continued)****B. Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with GAAP applicable to enterprise funds of state and local governments. Enterprise funds are used to account for operations:

- (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, accountability or other purposes.

**NOTE 2: Summary of Significant Accounting Policies****A. Basis of Accounting**

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As permitted by accounting principles generally accepted in the United States of America, the Authority has elected to apply only Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989.

The Authority prepares its financial statements on an Enterprise Fund basis. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Accordingly, the Authority's financial statements are presented on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred.

**B. Cash and Cash Equivalents**

Cash and Cash Equivalents include interest-bearing accounts and short-term investments with an original maturity of three months or less, carried at market value.

**C. Accounts Receivable**

The Authority's Members make quarterly payments to the Authority based on the annual Treated Water Purchase Contract. Due to the bill paying methods of Members, the final quarterly payment for the year may not be received by the Authority prior to year end. These amounts are reflected as accounts receivable in the accompanying balance sheet. No allowance for doubtful accounts has been established since all balances are deemed collectible.

**NOTE 2: Summary of Significant Accounting Policies (Continued)**

**D. Restricted Assets**

The Authority is operating under a bond resolution adopted March 26, 2009.

Pursuant to the bond resolution, the Authority established the following funds:

Revenue Fund – assets held by the Bond Trustee consisting of all revenues received by the Authority. Withdrawals are made for payment to the Authority's other funds for authorized operating expenses and transfers to the other funds subject to limitations.

Operating Fund – assets held by the Authority for reasonable and necessary operating expenses. The Trustee transfers necessary funds from the Revenue Fund to meet the Operating Fund requirement quarterly, no later than the tenth business day of the first month of the quarter.

Bond Service Fund – assets held by the Trustee sufficient to meet the next succeeding interest payment, principal payment and sinking fund installment. The Trustee transfers necessary funds from the Revenue Fund to meet the Bond Service requirement.

Sinking Fund – assets held by the Trustee to meet the sinking fund requirements on outstanding bonds, as required by the applicable bond resolutions.

Bond Reserve Fund – assets held by the Trustee in an amount equal to or exceeding: i. bond reserve requirement, ii. any unpaid interest which is then due and payable on outstanding bonds plus the interest to become due on outstanding bonds on or before the next succeeding interest payment date plus the principal amount of outstanding bonds maturing at or before the next succeeding principal maturity date of the bonds.

Renewal and Replacement Fund – assets held to be used for the payment of extraordinary operation and maintenance costs and contingencies.

Rebate Fund – assets held to be used for amounts which are required to be rebated to the United States government.

General Fund – assets held, which, if free and clear of any lien or pledge created by the Resolution, may be spent for any lawful purpose.

**E. Property, Plant and Equipment**

Property, Plant and Equipment is stated at cost and includes direct construction costs, other expenditures related to construction, and certain professional and administrative costs. System construction costs are charged to construction in progress until such time as each segment of the system is completed and put into operation.

Depreciation is determined on a straight-line basis for all plant and equipment. Present policy is to record half year depreciation in the year of purchase. Acquisitions and improvements greater than \$10,000 are capitalized. Depreciation is provided over 40 year for the water treatment and transmission system and 10 years for equipment.

**NOTE 2: Summary of Significant Accounting Policies (Continued)****F. Restricted Net Position**

Net position is restricted for specific uses as required by the Authority's bond resolutions. The purpose for each is indicated on the face of the balance sheet and is explained in Note 2D.

**NOTE 3: Cash and Cash Equivalents and Investments**

The Authority's investment practices are governed by New Jersey State Statute 40A:5-15.

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits based on specific criteria outlined in the statutes.

The following is a summary of the Authority's deposits:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Insured:		
FDIC	\$ 649,590	566,839
Collateralized:		
GUDPA	<u>12,495,984</u>	<u>14,198,220</u>
	<b><u>\$ 13,145,574</u></b>	<b><u>14,765,059</u></b>

The carrying amount of the Authority's cash and cash equivalents as of December 31, 2023 was \$13,145,574 and the bank balance was \$13,145,984. Of the bank balance, \$649,590 was covered by federal depository insurance and \$12,495,984 was invested in Government Money Market Mutual Funds.

**Custodial Credit Risk Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. GUDPA does not protect intermingled trust funds such as salary withholdings. The Authority had no such trust funds at December 31, 2023 and 2022.

**Investments**

As of December 31, 2023 and 2022, the Authority had no investments.

**NOTE 4: Capital Assets**

Capital Asset activity for the year ended December 31, 2023 was as follows:

	<b>Beginning Balance</b>				<b>Ending Balance</b>
	<b>Jan. 1, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Adj.</b>	<b>Dec. 31, 2023</b>
Construction in Progress	\$ 401,206	2,347,317			2,748,523
Water Treatment and Transition System	20,495,980				20,495,980
Equipment	<u>1,006,675</u>	<u>193,983</u>	<u>(206,581)</u>	<u>(53,634)</u>	<u>940,443</u>
	<u>21,903,861</u>	<u>2,541,300</u>	<u>(206,581)</u>	<u>(53,634)</u>	<u>24,184,946</u>
Accumulated Depreciation:					
Water Treatment and Transition System	(4,632,040)	(512,399)			(5,144,439)
Equipment	<u>(792,095)</u>	<u>(35,981)</u>	<u>180,157</u>	<u>1</u>	<u>(647,918)</u>
	<u>(5,424,135)</u>	<u>(548,380)</u>	<u>180,157</u>	<u>1</u>	<u>(5,792,357)</u>
Capital Assets (Net)	<u>\$ 16,479,726</u>	<u>1,992,920</u>	<u>(26,424)</u>	<u>(53,633)</u>	<u>18,392,589</u>

**NOTE 5: Long-Term Debt****Loans/Bonds Payable – New Jersey Environmental Infrastructure Trust**

In 2010, the Authority obtained a loan from NJEIT for instrumentation improvements in the water treatment plan and for ozone upgrade at the water treatment plant. The loan consists of a trust portion and a fund portion payable through August 2026. The trust loan of \$1,435,000 has an interest rate of 3.38%. Repayments of the trust loan include a New Jersey Department of Environmental Protection fee of \$75,845 being repaid over a period of four years and an annual NJEIT fee of \$5,850 for the life of the loan. The fund loan of \$4,307,029 is interest free. Future principal payments on this loan are:

	<b>Principal</b>	<b>Fees and Interest</b>	<b>Total</b>
2024	\$ 265,606	16,700	282,306
2025	125,000	11,900	136,900
2026	<u>30,000</u>	<u>6,900</u>	<u>36,900</u>
	<u>\$ 420,606</u>	<u>35,500</u>	<u>456,106</u>



**NOTE 5: Long-Term Debt (Continued)****Loans/Bonds Payable – New Jersey Environmental Infrastructure Trust (Continued)**

In May 2013, the Authority Water Revenue bonds, Series G (Trust Fund) for \$3,160,000 for Infrastructure Trust Improvements from NJEIT payable through August 2032. The bonds consist of a trust portion and a fund portion with the trust portion at a rate of 3% to 5%. Repayments on the trust loan include a New Jersey Department of Environmental Protection fee of \$83,723 being repaid over five years and an annual NJEIT fee of \$9,480 for the life of the loan. The fund loan of \$3,221,630 is interest free. Future payments on this loan are:

	<u>Principal</u>	<u>Fees and Interest</u>	<u>Total</u>
2024	\$ 343,395	66,130	409,525
2025	353,395	57,630	411,025
2026	358,395	52,230	410,625
2027	363,395	46,680	410,075
2028-2032	<u>1,728,511</u>	<u>143,400</u>	<u>1,871,911</u>
	<u>\$ 3,147,091</u>	<u>366,070</u>	<u>3,513,161</u>

**Bond Payable – Series 2022 Water Revenue Bonds**

In September 2022, the Authority authorized a bond issue for \$3,465,000, Series 2022, for a water tower project. The bonds have variable interest rates from 4.125% to 5% with a balance of \$3,465,000 at December 31, 2022. Future payments on the bond issue are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 115,000	151,388	266,388
2025	120,000	145,638	265,638
2026	125,000	139,638	264,638
2027	130,000	133,388	263,388
2028-2032	705,000	564,437	1,269,437
2033-2037	970,000	381,255	1,351,255
2038-2042	<u>1,180,000</u>	<u>159,687</u>	<u>1,339,687</u>
	<u>\$ 3,345,000</u>	<u>1,675,431</u>	<u>5,020,431</u>

**Notes Payable – Series 2022 Water Revenue Project Notes**

In September 2022, the Authority authorized a note for \$4,035,000, Series 2022, for a water tower project. The note has an interest rate of 4%. The note was paid on September 29, 2023.

**Notes Payable – Series 2023 Water Revenue Project Notes**

In September 2023, the Authority authorized a note for \$3,735,000, Series 2023, for a water tower project. The note has an interest rate of 4.5%. The note is due on March 15, 2024.

**NOTE 5: Long-Term Debt (Continued)**

The following summarizes activity in long-term debt for the year ended December 31, 2023.

	<b><u>Beginning</u></b>			<b><u>Ending</u></b>	<b><u>Amount Due</u></b>
	<b><u>Balance</u></b>	<b><u>Issued</u></b>	<b><u>Repayments</u></b>	<b><u>Balance</u></b>	<b><u>Within</u></b>
					<b><u>One Year</u></b>
2022 Bonds	\$ 3,465,000		(120,000)	3,345,000	115,000
2010 Bonds NJEIT	390,000		(131,000)	259,000	120,000
2013 Bonds NJEIT	1,940,000		(165,000)	1,775,000	170,000
2020 Loan NJEIT	450,100		(304,493)	145,607	145,607
2013 Loan NJEIT	1,545,483		(173,395)	1,372,088	173,395
2022 Note Payable	4,035,000		(4,035,000)		
2023 Note Payable	<u>                    </u>	<u>3,575,000</u>	<u>                    </u>	<u>3,575,000</u>	<u>3,575,000</u>
 Total Bonds and Notes Payable	 <u>\$ 11,825,583</u>	 <u>3,575,000</u>	 <u>(4,928,888)</u>	 <u>10,471,695</u>	 <u>4,299,002</u>

**NOTE 6: Subsequent Event**

Subsequent events have been evaluated through August 2, 2024, which is the date the financial statements were available to be issued.

On March 15, 2024, the Authority issued a Note for \$3,575,000 for the water tower project. The Note matures on March 14, 2025, with an interest rate of 4.0%. There were no other events through date that required disclosure.

**OTHER SUPPLEMENTARY INFORMATION**

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**  
**WALL, NEW JERSEY**

**SCHEDULE OF NJEIT DEBT SERVICE REQUIREMENTS, BY YEARS**

**SERIES 2010A**  
**Loan #1352005-002-03**

Schedule 1  
 Sheet 1 of 2

<b><u>Due During Years Ending December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2024	\$ 265,606	16,700	282,306
2025	125,000	11,900	136,900
2026	30,000	6,900	36,900
	<b><u>\$ 420,606</u></b>	<b><u>35,500</u></b>	<b><u>456,106</u></b>

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**  
**WALL, NEW JERSEY**

**SCHEDULE OF NJEIT DEBT SERVICE REQUIREMENTS, BY YEARS**

**SERIES 2013A**  
**Loan #1352005-005**  
**\$6,508,924**

**Schedule 1**  
**Sheet 2 of 2**

<b><u>Due During</u></b> <b><u>Years Ending</u></b> <b><u>December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Fees &amp;</u></b> <b><u>Interest</u></b>	<b><u>Total</u></b>
2024	\$ 343,395	66,130	409,525
2025	353,395	57,630	411,025
2026	358,395	52,230	410,625
2027	363,395	46,680	410,075
2028-2332	1,728,511	143,400	1,871,911
	<b><u>\$ 3,147,091</u></b>	<b><u>366,070</u></b>	<b><u>3,513,161</u></b>

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**  
**WALL, NEW JERSEY**

**COMPARISON OF REVENUES AND COSTS**  
**(BUDGETARY BASIS)**

Schedule 2

**YEAR ENDED DECEMBER 31, 2023**

	<b><u>2023</u></b> <b><u>Budget</u></b>	<b><u>2023</u></b> <b><u>Actual</u></b>	<b><u>Favorable/</u></b> <b><u>(Unfavorable)</u></b>
Revenues:			
Treated Water Revenue	\$ 4,210,508	4,210,508	
Costs of Providing Services:			
Operations	2,581,939	2,814,850	(232,911)
Other Reserves	710,000		710,000
Administrative	65,000	111,950	(46,950)
Total Costs of Providing Services	<u>3,356,939</u>	<u>2,926,800</u>	<u>430,139</u>
Other Costs Funded by Revenues:			
Principal Maturity	757,889	757,889	-
Interest Expense	95,680	386,011	(290,331)
Total Other Costs Funded by Revenues	<u>853,569</u>	<u>1,143,900</u>	<u>(290,331)</u>
Total Costs Funded by Operating Revenues	<u>4,210,508</u>	<u>4,070,700</u>	<u>139,808</u>
Budgetary Revenues Over Expenditures	<u>\$ -</u>	<u>139,808</u>	<u>139,808</u>
<b><u>Reconciliation of Budgetary Basis to Net</u></b>			
<b><u>Change in Net Position</u></b>			
Budgetary Revenues Over Expenses		\$ 139,808	
Adjustments to Budgetary Basis:			
Other		687,988	
Principal Maturities		757,889	
Interest Income		609,893	
Depreciation		(548,380)	
Total Adjustments		<u>1,507,390</u>	
Net Change in Net Position		<u>\$ 1,647,198</u>	

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**  
**WALL, NEW JERSEY**

**BOARD OF COMMISSIONERS AND MANAGEMENT**

**Schedule 3**

**DECEMBER 31, 2023**

Bryan Dempsey, Spring Lake	Chairman and Executive Director
James Gant, Sea Girt	Commissioner
Tom Nolan, Brielle	Commissioner
Jeffry Bertrand, Wall Township	Commissioner
Joseph May, Spring Lake Heights	Commissioner
Steve Mayer	Chief Financial Officer
Beth Gates	NJWSA Executive Director
Susan Buckley	Director of Finance and Administration of NJWSA

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.  
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:  
(732) 280-8888  
e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

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

The Board of Commissioners  
Southeast Monmouth Municipal Utilities Authority  
Wall, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements Southeast Monmouth Municipal Utilities Authority (the "Authority"), County of Monmouth, State of New Jersey as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 2, 2024

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's, County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.



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

Our consideration of internal control was for the limited purposes 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 Authority's financial statements are free from material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

***Robert A. Hulsart***

**Certified Public Accountant  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

August 2, 2024

**SOUTHEAST MONMOUTH MUNICIPAL UTILITIES AUTHORITY**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2023**

**Follow-Up on Findings and Recommendations**

In accordance with Government Auditing Standards our procedures included a review of all prior year findings.

No findings were reported in 2022.

**Findings and Recommendations**

None

**Appreciation**

We desire to express our appreciation for the assistance and courtesies rendered by the officials and employees during the course of the audit.

\*\*\*\*\*

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendation, please do not hesitate to call us.