

THE LANDIS SEWERAGE AUTHORITY
AUDIT REPORT
YEARS ENDED DECEMBER 31, 2023 AND 2022



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INDEPENDENT AUDITOR'S REPORT

Chairman and Commissioners of
The Landis Sewerage Authority
Vineland, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of The Landis Sewerage Authority for the years ended December 31, 2023 and 2022, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Landis Sewerage 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.

Emphasis of Matter

Prior Period Restatement

During 2023 the Authority determined that its previous implementation of GASB Statement No. 87, *Leases* (GASB 87) should have included a lease with a commercial enterprise and should have therefore recognized a lease receivable and a deferred inflow of resources at the time of implementation. As a result, the 2022 financial statements included in the Authority's 2023 audit have been restated.

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 Landis Sewerage Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 Landis Sewerage 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.

Responsibilities of Management for the Financial Statements (Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Landis Sewerage Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024 on our consideration of The Landis Sewerage 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

Other Reporting Required by *Government Auditing Standards* (Continued)

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 Landis Sewerage 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 Landis Sewerage Authority's internal control over financial reporting and compliance.

ROMANO, HEARING, TESTA & KNORR

A handwritten signature in blue ink that reads "Romano, Hearing, Testa & Knorr". The signature is written in a cursive, flowing style.

Certified Public Accountants

December 10, 2024

**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**

Chairman and Commissioners of
The Landis Sewerage Authority
Vineland, 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; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of The Landis Sewerage Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2024. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements.

Report on Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Landis Sewerage 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 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* and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

December 10, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The Landis Sewerage Authority's (the Authority) annual financial report presents the analysis of the Authority's overall financial position and results of operation for the year that ended on December 31, 2023. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's Net Capital Assets total \$64.79 million, which is a \$2.15 million or 3.21% decrease from 2022.
- The Authority's Total Assets are \$80.31 million, which is a \$2.01 million or 2.44% decrease from 2022.
- During the year, the Authority's operating revenues were \$11.90 million, which is a \$.63 million or 5.56% increase from 2022 and operating expenses were \$12.86 million, which is a \$.85 million or 7.07% increase from 2022.
- The Authority's Net Position decreased by \$.979 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund. The Authority's Audit Report includes the required Basic Financial Statements, as described below, the Notes to Financial Statements, required supplementary information, which consists of this Management Discussion and Analysis and required Pension Schedules and finally, supplementary information.

During 2023 the Authority determined that its previous implementation of Governmental Accounting Standards Board (GASB) No. 87, Leases should have included a lease with a commercial enterprise and it should have therefore recognized a lease receivable and a deferred inflow of resources at the time of implementation. The Authority restated its 2022 financial statements; the restatement is reflected in this Audit Report for Years Ended December 31, 2023, and 2022.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

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 success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its wastewater treatment user fees and other charges. This statement also measures the Authority's profitability and credit worthiness. The other required financial statement is the **Statement of Cash Flows**. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's 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 the net position of the Authority, and changes in net position. You 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, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The analysis below focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1
Net Position
(Dollars in Thousands)

	2023	2022 Restated	2023-2022 Increase (Decrease)	
			\$	%
Current Assets	\$ 10,848	\$ 10,662	\$ 186	1.75
Noncurrent Assets	69,463	71,660	(2,197)	(3.16)
Total Assets	<u>80,311</u>	<u>82,322</u>	<u>(2,011)</u>	<u>(2.50)</u>
Deferred Outflows of Resources	<u>617</u>	<u>1,020</u>	<u>(403)</u>	<u>(39.53)</u>
Current Liabilities:				
Payable from Unrestricted Assets	1,294	1,340	(46)	(3.40)
Payable From Restricted Assets	970	879	91	10.33
Long-Term Liabilities	29,740	30,580	(840)	(2.82)
Total Liabilities	<u>32,004</u>	<u>32,799</u>	<u>(795)</u>	<u>(2.14)</u>
Deferred Inflows of Resources	<u>7,908</u>	<u>8,547</u>	<u>(639)</u>	<u>(7.48)</u>
Investment in Capital Assets	42,054	43,651	(1,597)	(3.66)
Restricted Net Position:				
Debt Service	1,532	1,532	0	0
Operating	1,715	1,648	67	4.07
Renewal & Replacement	1,000	1,000	0	0
Unrestricted	<u>(5,285)</u>	<u>(5,835)</u>	<u>550</u>	<u>9.43</u>
Total Net Position	<u>\$ 41,016</u>	<u>\$ 41,996</u>	<u>\$ (980)</u>	<u>(2.33)</u>

Table 2
**Statement of Revenues,
and Changes in Net
Position Expenses**
(Dollars in Thousands)

	<u>2023</u>	<u>2022 Restated</u>	2023- 2022 Increase(Decrease)	
			<u>\$</u>	<u>%</u>
Operating Revenues:				
User Charges & Fees	\$ 11,140	\$ 10,674	\$ 466	4.36
Connection Fees	385	262	123	47.19
Other Operating	378	339	39	11.47
Nonoperating Revenues	<u>922</u>	<u>265</u>	<u>657</u>	247.92
Total Revenues	<u>12,825</u>	<u>11,540</u>	<u>1,285</u>	11.13
Operating Expenses:				
Cost of Providing Services	7,799	7,191	608	8.45
Administrative and General	2,274	2,044	230	11.24
Depreciation	2,813	2,800	13	.47
Non-Operating Expense:				
Interest	932	958	(26)	(2.71)
Other	<u>50</u>	<u>76</u>	<u>(26)</u>	(34.21)
Total Expenses	<u>13,868</u>	<u>13,069</u>	<u>799</u>	6.11
Loss Before Capital Contributions	(1,043)	(1,529)	(486)	(31.79)
Capital Contributions	<u>63</u>	<u>175</u>	<u>112</u>	260
Change in Net Position	(980)	(1,354)	(374)	(27.70)
Total Net Position-Beginning	<u>41,996</u>	<u>43,350</u>	<u>(1,354)</u>	(3.12)
Total Ending Net Position	<u>\$ 41,016</u>	<u>\$ 41,996</u>	<u>\$ (980)</u>	(2.33)

REVENUES

The Authority's total revenues are approximately \$12.82 million for the year ended December 31, 2023. User Charges & Fees were \$11.1 million, accounting for 87% of total revenue. Operating expenses include the cost of providing services, which totaled \$7.8 million, and administrative and general costs of \$2.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2023, the Authority had \$64.79 million invested in a broad range of capital assets. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$2.81 million.

The following tables summarize the Authority's capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2023.

Table 3
Capital Assets, Net of Accumulated Depreciation
(Dollars in Thousands)

	2023	2022	2023- 2022	
			Increase(Decrease) \$	%
Land	\$ 2,020	\$ 2,020	\$ -	-
Treatment Plant and Pumping Stations	22,248	23,747	(1,499)	(6.31)
Mains & Accessories	26,283	26,708	(425)	(1.59)
Machinery & Equipment	14,167	14,380	(213)	(1.48)
Office Furniture & Fixtures	56	69	(13)	(18.84)
Construction in Progress	16	12	4	33.33
	<u>\$ 64,790</u>	<u>\$ 66,936</u>	<u>\$ (2,146)</u>	3.21

This year's additions (in thousands) include:

Treatment Plant and Pumping Stations	26
Mains & Accessories	202
Machinery and Equipment	432
Construction in Progress	197
Office Furniture & Fixtures	4

The Authority's FY 2024 capital budget plans to invest another \$2.467 million in capital projects, including the following (in thousands):

Collection	950
Trucks, Vehicles	131
Plant & Process Equipment	1,100
Office Equipment	16
Equipment	270
TOTAL	<u><u>\$2,467</u></u>

The Authority plans on funding those capital projects using a combination of existing cash, grants and year 2024 revenue.

Debt Administration

In August 2016, the Authority issued \$25,000,000 in new debt entitled Series 2016 that mature in various amounts through 2046 with an interest rate of 3.95%. The first principal of \$530,583 was paid in 2020. More detailed information about long-term liabilities can be found in Note 4 of the financial statements.

NEXT YEAR'S BUDGETS AND RATES

The 2024 adopted budget did not include a rate increase.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's Executive Director at The Landis Sewerage Authority, 1776 South Mill Road, Vineland, NJ 08360.

BASIC FINANCIAL STATEMENTS

**THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022 (RESTATED)
ASSETS		
CURRENT ASSETS - UNRESTRICTED:		
Cash and Cash Equivalents	\$ 173,711	\$ 1,048,864
Accounts Receivable	1,608,927	1,438,007
Other Receivables	169,942	90,547
Interest Receivable	19,972	20,195
Lease Receivable - Current	72,253	72,253
Prepaid Expenses	134,982	262,415
Inventory	524,164	519,349
Total Current Assets - Unrestricted	2,703,951	3,451,630
CURRENT ASSETS - RESTRICTED:		
Accounts Required by the Authority's Bond Resolution:		
Cash and Cash Equivalents	6,457,681	5,583,213
Investments	1,485,776	1,455,585
Other Accounts:		
Cash and Cash Equivalents	200,939	171,163
Total Current Assets - Restricted	8,144,396	7,209,961
NONCURRENT ASSETS:		
Accounts Required by the Authority's Bond Resolution:		
Investments	1,997,192	1,975,692
Lease Receivable - Noncurrent	2,675,898	2,748,150
Capital Assets, Net	64,789,768	66,935,800
Total Noncurrent Assets	69,462,858	71,659,642
TOTAL ASSETS	80,311,205	82,321,233
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Amount Relating to Pensions	617,203	1,020,663
TOTAL DEFERRED OUTFLOWS OF RESOURCES	617,203	1,020,663

(Continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022 (RESTATED)
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts Payable - Operations	\$ 347,545	\$ 436,908
Accrued Pension Liability	646,815	607,226
Accrued Liabilities - Other	300,015	295,792
Total Current Liabilities Payable From Unrestricted Assets	1,294,375	1,339,926
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Contracts Payable - Construction	62,656	13,362
Retainage Payable - Construction		2,640
Revenue Bonds Payable - Current Portion	620,823	596,917
Escrow - Developers	200,939	171,163
Due to Developers	85,733	95,205
Total Current Liabilities Payable From Restricted Assets	970,151	879,287
LONG-TERM LIABILITIES:		
Accrued Pension Liability - Non-Current Portion	323,408	303,613
Revenue Bonds Payable - Non-Current Portion	22,125,913	22,746,736
Accrued Compensated Absences	280,319	262,603
Net Pension Liability	7,009,741	7,266,873
Total Long-Term Liabilities	29,739,381	30,579,825
TOTAL LIABILITIES	32,003,907	32,799,038
DEFERRED INFLOWS OF RESOURCES:		
Deferred User Charge Revenue	3,462,012	3,490,757
Deferred Connection Fees Revenue	1,235,170	1,084,010
Deferred Amount Relating to Leases	2,748,151	2,820,403
Deferred Amount Relating to Pensions	462,827	1,152,144
TOTAL DEFERRED INFLOWS OF RESOURCES	7,908,160	8,547,314
NET POSITION (DEFICIT):		
Net Investment in Capital Assets	42,054,866	43,651,155
Restricted:		
Debt Service	1,531,798	1,531,798
Operating	1,715,000	1,648,000
Renewal and Replacement	1,000,000	1,000,000
Unrestricted	(5,285,323)	(5,835,409)
TOTAL NET POSITION	\$ 41,016,341	\$ 41,995,544

The accompanying Notes to Financial Statements are an integral part of these statements.

THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022 (RESTATED)
OPERATING REVENUE:		
User Charges and Fees	\$ 11,139,464	\$ 10,674,441
Connection Fees	385,312	261,785
Other	378,123	339,211
Total Operating Revenue	11,902,899	11,275,437
OPERATING EXPENSES:		
Cost of Providing Services	7,798,321	7,190,763
Administrative and General	2,274,032	2,044,329
Depreciation	2,813,145	2,800,077
Total Operating Expenses	12,885,498	12,035,169
OPERATING LOSS	(982,599)	(759,732)
NON-OPERATING REVENUE (EXPENSES):		
Miscellaneous Income	453,634	135,529
Interest Income	338,117	137,928
Lease Income	72,253	72,253
Interest Income on Leases	3,627	3,627
Increase (Decrease) in Fair Value of Investments	54,739	(86,417)
Interest Expense	(932,434)	(957,866)
Appropriation to City of Vineland	(50,000)	(50,000)
Abandoned Projects	-	(26,455)
Gain on Disposal of Capital Asset	-	2,350
Total Non-Operating Revenue (Expenses)	(60,064)	(769,051)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,042,663)	(1,528,783)
CAPITAL CONTRIBUTIONS	63,460	174,862
CHANGE IN NET POSITION	(979,203)	(1,353,921)
TOTAL NET POSITION- BEGINNING	41,995,544	43,349,465
TOTAL NET POSITION- ENDING	\$ 41,016,341	\$ 41,995,544

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE LANDIS SEWERAGE AUTHORITY
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 Customers and Users	\$ 11,476,271	\$ 10,938,006
Cash Payments to Suppliers for Goods and Services	(2,286,778)	(1,164,430)
Cash Payments for Employee Services	(8,213,986)	(8,904,954)
Other Operating Receipts (Payments)	289,256	517,873
	<u>1,264,763</u>	<u>1,386,495</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Other Non-Operating Revenue and Expenses	479,514	161,409
	<u>479,514</u>	<u>161,409</u>
Net Cash Provided by Non-Capital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(553,728)	(1,742,350)
Principal Paid on Bonds	(596,917)	(573,932)
Interest Paid on Bonds	(932,434)	(957,866)
Increase in Escrow Accounts	29,776	22,752
	<u>(2,053,303)</u>	<u>(3,251,396)</u>
Net Cash Used In Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received on Investments	338,117	137,928
Purchase of Investment Securities		(3,517,694)
	<u>338,117</u>	<u>(3,379,766)</u>
Net Cash Provided (Used) by Investing Activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,091	(5,083,258)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,803,240</u>	<u>11,886,498</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,832,331</u>	<u>\$ 6,803,240</u>

(Continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (982,599)	\$ (759,732)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	2,813,145	2,800,077
Increase (Decrease) in Cash Resulting From Changes in:		
Accounts Receivable	(170,920)	(230,022)
Grant and Other Receivables	(79,395)	161,462
Prepaid Expenses	127,433	(32,409)
Inventories	(4,815)	79,823
Deferred Outflows - Amount Related to Pensions	403,460	(16,974)
Accounts Payable - Operations	(89,363)	28,659
Accrued Pension Liability - Current	39,589	42,472
Accrued Liabilities - Other	4,223	782
Due to Developers	(9,472)	17,200
Deferred User Charge Revenue	(28,745)	128,987
Deferred Connection Fees	151,160	102,815
Net Pension Liability	(257,132)	1,554,069
Accrued Pension Liability - Non-Current	19,795	21,236
Accrued Compensated Absences	17,716	7,031
Deferred Inflows - Amount Related to Pensions	(689,317)	(2,518,981)
Total Adjustments	2,247,362	2,146,227
Net Cash Provided by Operating Activities	\$ 1,264,763	\$ 1,386,495
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and Cash Equivalents - Unrestricted	\$ 173,711	\$ 1,048,864
Cash and Cash Equivalents - Restricted Accounts Required by Authority's Bond Resolutions	6,457,681	5,583,213
Cash and Cash Equivalents - Other Restricted Accounts	200,939	171,163
	\$ 6,832,331	\$ 6,803,240

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Landis Sewerage Authority, a public body corporate and politic organized and existing under the laws of the State of New Jersey, owns and operates certain sewerage collection, transmission, treatment and disposal facilities and is presently responsible for providing sanitary sewerage service to the City of Vineland and to neighboring areas. The Authority bills and collects its revenue from the users of the system.

The Authority was established on July 15, 1946, by an ordinance of the Township Committee of the former Landis Township, now part of the City of Vineland pursuant to the Act. The Authority has been in continuous existence since it was established.

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

Financial Reporting Entity

The commissioners of the Authority are appointed by the City Council of the City of Vineland and therefore, the Authority is a related organization of the City as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No.61, but not a component unit of the City. The Authority does not have any component units for which it is accountable.

Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund 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 costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Revenues are recorded when earned and expenses are recorded when a liability is 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 in connection with a proprietary fund’s principal ongoing operations.

THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The principal operating revenues of the Authority are user charges and fees for sewerage treatment. The Authority also recognizes income from the sale of crops raised in its farm operations, lab testing fees, connection fees and receiving station income as operating revenue. Operating expenses include cost of providing services, administrative and general expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to end of the current fiscal year, and adopted no later than the beginning of the Authority's fiscal year. The budget is adopted on the accrual basis of accounting with provision for cash payments for bond principal. Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan. The governing body of the Authority has adopted a cash management plan ("the plan") and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17:9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit

THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash, Cash Equivalents and Investments (Continued)

Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least five percent (5%) of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

The cash management plan adopted by the Landis Sewerage Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

Accounts Receivable

The Authority has provided for doubtful accounts by the allowance method. The allowance for doubtful accounts is based upon management's estimate of potentially uncollectible accounts.

Inventory

Inventory consists principally of chemicals, fuels, materials and supplies used in the treatment process and farm operation and are stated at cost determined on a first-in, first-out basis.

Capital Assets

Capital assets, which consist of property, plant and equipment, are stated at cost which includes direct construction costs and other expenditures related to construction.

Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation. Construction in progress is stated at cost.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Treatment plant and pumping stations	40 years
Sewer mains, improvements and accessories	75 years
Machinery and equipment	5 - 15 years
Office furniture	5 - 10 years
Vehicles	5 years

Deferred Outflows and Deferred Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards.

The Authority reports the following as deferred outflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

The Authority reports the following as deferred inflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

The Authority also reports deferred user charge, deferred connection fee revenues and deferred amount relating to leases as deferred inflows of resources.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond/Loan Premiums, Discounts

Bond discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond discount.

Pensions

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

Net Position

In accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments*, the Authority has classified its net position into three components. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, 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 related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not 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 as the unspent amount.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets". This component includes net position that may be designated for specific purposes by the Board.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenue.

Grants externally restricted for non-operating purposes are recorded as capital contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

Income Taxes

The Authority is exempt from income taxes pursuant to Internal Revenue Code Section 115.

Adoption of Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The adoption of this Statement had no material impact on the Authority's financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objectives of this Statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The adoption of this Statement had no material impact on the Authority's financial statements.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistence of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges for futures revenues by pledging governments, clarification of certain provisions in Statement 34, as amended and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPP's and SBITAs will become effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the fiscal years beginning after June 15, 2023. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirement of the Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. 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. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Subsequent Events

Management has evaluated subsequent events through December 10, 2024, the date the financial statements were available for issue.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In accordance with the Series 2016 General Bond Resolution, the Authority has established the following cash and investment accounts for the deposit, in the priority of the order listed, of all revenue received by the Authority:

Revenue - All revenue received by the Authority and transfers to the various accounts described below.

Operating - Amount to be required to pay reasonable and necessary operating expenses for a two month period.

Bond Service (Current Debt Service) - An amount equal to the Bond Service Requirement as detailed in the resolution.

Sinking – Amount equal to all prior Sinking Fund installments then due and unpaid plus an accrual based upon a computation detailed in the resolution.

Bond Reserve (Future Debt Service) - An amount equal to the maximum annual debt service for any one year the Bonds are outstanding. Transfers to meet minimum levels in the Bond Service Fund; any excess is to be withdrawn by the trustee and credited to the Revenue Fund.

Renewal and Replacement - An amount which is reasonably necessary as a reserve for expenses for improvements, constructions, reconstructions, betterments, major repairs, renewals, replacements, or maintenance items of a type not recurring annually or at shorter intervals and for costs of equipment. Transfers to the Bond Reserve Fund if necessary to meet the minimum requirements, or payment, if any, of the necessary costs and expenses of items detailed above.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Construction – Any money received by the Authority from any source for payment of costs related to the construction or acquisition of any part of the system.

Rebate – Amounts subject to rebate to the United States Government pursuant to the provisions of the Internal Revenue Code.

General – Any amounts in excess of minimum requirements in the above accounts. Transfers into the above funds if needed to meet the required balances in those accounts. When certain requirements are met, the Trustee may pay to the Authority any amount in excess of the required amount, which will be free and clear of any lien or pledge created by the resolution.

In addition to the accounts required by the General Bond Resolution, the Authority has also established the following restricted accounts:

Engineer Developer Custodian & Developer Escrow - The account is for deposits by developers for costs to be incurred by the Authority on their behalf.

COMPLIANCE WITH GENERAL BOND RESOLUTION

Section 610 of the Authority’s Series 2016 Bond Resolution requires that the Authority make, impose, charge and collect Service Charges in accordance with the Act. Such Service Charges shall be so fixed, charged and collected so that the Revenues for each Fiscal Year will be at least sufficient to pay (1) all Operating Expenses in the Fiscal Year, (2) One Hundred Ten Percent (110%) of the principal and interest on all Bonds as the same shall become due and payable, without recourse to or withdrawal from the Bond Reserve Fund, and (3) all other amounts that are required to be paid pursuant to the Resolution.

Revenues for the year 2023, as defined in the Authority’s Bond Resolution, were greater than the amount necessary to meet those provisions and therefore the Authority met the rate covenant contained in Section 610 of the Authority’s Bond Resolution, which is calculated as follows:

Revenues (Cash Collections)		<u>\$ 16,399,233</u>
Operating and Maintenance Expenses (Budgetary Basis)		11,167,279
110% of Bond Service:		
Bond Service	\$1,529,351	
X 110%	<u>X 110%</u>	<u>1,682,286</u>
Total Expenses and 110% of Bond Service		<u>12,849,565</u>
Excess of Revenues over Expenses and 110% of Bond Service		<u>\$ 3,549,668</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CASH AND CASH EQUIVALENTS (CONTINUED)

In addition to the bank deposits described above, the Authority also had \$74,490 at December 31, 2023 and \$74,775 at December 31, 2022 that was invested in a government money market fund which is not covered by federal deposit insurance or by GUDPA, but which invests exclusively in general obligations issued by the U.S. Government and backed by its full faith and credit and which carries a credit rating of AAA.

At December 31, 2023 and 2022, the Authority had \$5,097,894 and \$4,283,079, respectively, invested in the New Jersey Cash Management Fund (“the Fund”) which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

INVESTMENTS

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Authority’s name. All of the Authority’s investments (\$3,482,968 at December 31, 2023 and \$3,431,277 at December 31, 2022) in U.S. Treasury obligations and agencies and other governmental agencies are held in the name of the counterparty not in the name of the Authority.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase in order to limit the exposure of governmental units to credit risk. The Authority’s Cash Management Plan also limits its investment choices to those permitted by N.J.S.A. 40A:5-15.1.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority’s investments are government bonds held in various Federal Agencies, NJ State Agencies, NJ Counties or School Districts.

Fair Value Measurements – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the General Bond Resolution:

	Operating Fund	Bond Service Fund	Sinking Fund	Bond Reserve Fund
Cash and Investments	\$ 1,794,528	\$ 57,771	\$ 7	\$ 1,541,185
Required Amount	1,714,333	-	-	1,531,798
Excess	\$ 80,195	\$ 57,771	\$ 7	\$ 9,387

ARBITRAGE RULES

The Authority is subject to certain arbitrage rules added to the Internal Revenue Code in 1969 and amended by TEFRA in 1992 and by the 1986 TRA. Under these rules, interest earnings on certain investments of proceeds of the Authority's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Authority is required to rebate certain arbitrage profits on non-purpose investments at least once every five years. At December 31, 2023 and 2022 there were no material arbitrage profits subject to rebate.

NOTE 3 DETAIL NOTES - ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2023 and 2022, the carrying amount of the Authority's time and demand deposits were \$1,659,947 and \$2,445,386, respectively, and the bank balance of the Authority's time and demand deposits were \$1,775,408 and \$2,556,272, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority's public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2023, \$450,939 of the Authority's bank balance of \$1,775,408 was insured and \$1,324,469 was uninsured and collateralized. As of December 31, 2022, \$500,000 of the Authority's bank balance of \$2,556,272 was insured, \$2,056,272 was uninsured and collateralized.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS (CONTINUED)

As of December 31, 2023, the Authority had the following investments and maturities which are measured using Level 1 inputs.

<u>Quality/Rating</u>	<u>Total Fair Value</u>		
Total Investments	<u>\$ 3,482,968</u>		
<u>Investment</u>			
Total	Less		
<u>Fair Value</u>	<u>than 1</u>	<u>1-5</u>	<u>6-10</u>
<u>\$ 3,482,968</u>	<u>\$ -</u>	<u>\$3,482,968</u>	<u>\$ -</u>

As of December 31, 2022, the Authority had the following investments and maturities which are measured using Level 1 inputs.

<u>Quality/Rating</u>	<u>Total Fair Value</u>		
Total Investments	<u>\$ 3,431,277</u>		
<u>Investment</u>			
Total	Less		
<u>Fair Value</u>	<u>than 1</u>	<u>1-5</u>	<u>6-10</u>
<u>\$ 3,431,277</u>	<u>\$ -</u>	<u>\$3,431,277</u>	<u>\$ -</u>

ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accounts Receivable	\$ 1,408,803	\$ 1,242,298
Municipal Liens Receivable	20,802	20,802
Interest Receivable on Delinquent Charges	<u>179,322</u>	<u>174,907</u>
	<u>\$ 1,608,927</u>	<u>\$ 1,438,007</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES

The Authority leases land to a commercial utility company. The lease terms are as follows:

Lessee	Number of Leases	Lease Term
Commercial Utility Company	1	Lease is for 25 years

There is no Authority debt related to the leased property, and therefore there are no lease payments that secure the Authority's debt. Deferred Inflows recognized in 2023 and 2022 were \$72,252 and \$72,253 respectively and the Interest portion of Lease payments received in 2023 and 2022 was \$3,627 and \$3,627 respectively.

The following is a summary of changes in lease receivables for the years ended December 31, 2023 and 2022.

	Balance Jan. 1, 2023	2023 Leases	2023 Reductions	Balance Dec. 31, 2023	Amounts Due Within One Year
Lease Receivables	<u>\$ 2,820,403</u>	<u>\$ -</u>	<u>\$ (72,252)</u>	<u>\$ 2,748,151</u>	<u>\$ 72,253</u>
	(Restated) Balance Jan. 1, 2022	2022 Leases	2022 Reductions	(Restated) Balance Dec. 31, 2022	Amounts Due Within One Year
Lease Receivables	<u>\$ 2,892,656</u>	<u>\$ -</u>	<u>\$ (72,253)</u>	<u>\$ 2,820,403</u>	<u>\$ 72,252</u>

The annual lease payments to be received by the Authority, including principal and interest, as of December 31, 2023 are as follows:

Year Ending December 31,	Future Lease Payments		
	Principal	Interest	Total
2024	\$ 72,253	\$ 3,627	\$ 75,880
2025	72,253	3,627	75,880
2026	90,316	4,534	94,850
2027	90,316	4,534	94,850
2028	90,316	4,534	94,850
2029-2033	519,318	26,070	545,388
2034-2038	649,147	32,587	681,734
2039-2043	811,434	40,734	852,168
2044-2045	352,798	17,710	370,508
Total	<u>\$ 2,748,151</u>	<u>\$ 137,957</u>	<u>\$ 2,886,108</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CAPITAL ASSETS

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

	Balance <u>Jan. 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2023</u>
Non-Depreciable Capital Assets:				
Land	\$ 2,020,407			\$ 2,020,407
Construction In Progress	12,163	196,938	192,808	16,293
Total Non-Depreciable Capital Assets	<u>2,032,570</u>	<u>196,938</u>	<u>192,808</u>	<u>2,036,700</u>
Depreciable Capital Assets:				
Treatment Plant and Pumping Stations	66,710,202	25,553		66,735,755
Mains and Accessories	41,400,566	201,965		41,602,531
Machinery And Equipment	26,504,265	431,668		26,935,933
Office Furniture and Fixtures	605,206	3,797		609,003
Total Depreciable Capital Assets	<u>135,220,239</u>	<u>662,983</u>	<u>-</u>	<u>135,883,222</u>
Less Accumulated Depreciation:				
Treatment Plant and Pumping Stations	42,963,209	1,524,883		44,488,092
Mains and Accessories	14,692,687	627,342		15,320,029
Machinery and Equipment	12,124,426	644,563		12,768,989
Office Furniture and Fixtures	536,687	16,357		553,044
Total Accumulated Depreciation	<u>70,317,009</u>	<u>2,813,145</u>	<u>-</u>	<u>73,130,154</u>
Depreciable Capital Assets, Net	<u>64,903,230</u>	<u>(2,150,162)</u>	<u>-</u>	<u>62,753,068</u>
Total Capital Assets, Net	<u>\$66,935,800</u>	<u>\$(1,953,224)</u>	<u>\$ 192,808</u>	<u>\$ 64,789,768</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance Jan. 1, 2022	Additions	Reductions	Balance Dec. 31, 2022
Non-Depreciable Capital Assets:				
Land	\$ 2,020,407			\$ 2,020,407
Construction In Progress	1,127,249	1,199,896	2,314,982	12,163
Total Non-Depreciable Capital Assets	<u>3,147,656</u>	<u>1,199,896</u>	<u>2,314,982</u>	<u>2,032,570</u>
Depreciable Capital Assets:				
Treatment Plant and Pumping Stations	66,316,033	394,169		66,710,202
Mains and Accessories	39,208,078	2,192,488		41,400,566
Machinery And Equipment	26,311,376	385,472	192,583	26,504,265
Office Furniture and Fixtures	605,206			605,206
Total Depreciable Capital Assets	<u>132,440,693</u>	<u>2,972,129</u>	<u>192,583</u>	<u>135,220,239</u>
Less Accumulated Depreciation:				
Treatment Plant and Pumping Stations	41,436,542	1,526,667		42,963,209
Mains and Accessories	14,084,816	607,871		14,692,687
Machinery and Equipment	11,668,777	648,232	192,583	12,124,426
Office Furniture and Fixtures	519,380	17,307		536,687
Total Accumulated Depreciation	<u>67,709,515</u>	<u>2,800,077</u>	<u>192,583</u>	<u>70,317,009</u>
Depreciable Capital Assets, Net	<u>64,731,178</u>	<u>172,052</u>	<u>-</u>	<u>64,903,230</u>
Total Capital Assets, Net	<u>\$ 67,878,834</u>	<u>\$ 1,371,948</u>	<u>\$2,314,982</u>	<u>\$ 66,935,800</u>

NOTE 4 DETAIL NOTES - LIABILITIES

LONG-TERM LIABILITIES

Bonds Payable

In August 2016, the Authority issued its Sewer System Revenue Bonds, Series 2016, in the principal amount of \$25,000,000. The proceeds derived from the issuance and sale of the Bonds are being used to fund certain capital improvements to the Authority's wastewater treatment plant, pumping stations, and collection system, acquisition of equipment, related soft costs and capitalized interest. Revenues as defined in the Series 2016 Bond Resolution are pledged to secure the payment of principal and interest on the Bonds. The outstanding balance of the Series 2016 Bonds at December 31, 2023 and 2022 in the amount of \$22,746,736 and \$23,343,653 consists of serial maturities ranging from \$620,823 on December 31, 2024 to \$1,472,814 on December 31, 2046 at an interest rate of 3.95% per annum. The Series 2016 Bonds are not subject to prepayment for the first ten years. From year eleven (11) to year thirty (30), the prepayment penalty ranges from 10% of the outstanding principal in year eleven (11) to 1% of the outstanding principal balance in year thirty (30).

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Net Pension Liability

For details on the net pension liability, refer to Note 5. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Compensated Absences

Current policy allows employees who retire from the Authority via PERS to be reimbursed for fifty (50%) of accrued sick leave up to a maximum of \$10,000, calculated at the then current rate. Employees may carry vacation time into the subsequent year; however the time must be used within the first 90 days of the subsequent year.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2023:

Type of Debt:	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Amounts Due Within One Year
Revenue Bonds Payable: Series 2016	\$ 23,343,653		\$ 596,917	\$ 22,746,736	\$ 620,823
Accrued Pension Liability	303,613	19,795		323,408	
Net Pension Liability	7,266,873		257,132	7,009,741	
Compensated Absences	262,603	17,716		280,319	
	<u>\$ 31,176,742</u>	<u>\$ 37,511</u>	<u>\$ 854,049</u>	<u>\$ 30,360,204</u>	<u>\$ 620,823</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

Type of Debt:	Balance	Additions	Reductions	Balance	Amounts
	January 1, 2022			December 31, 2022	Due Within
					One Year
Revenue Bonds Payable: Series 2016	\$ 23,917,585		\$ 573,932	\$ 23,343,653	\$ 596,917
Accrued Pension Liability	282,377	21,236		303,613	
Net Pension Liability	5,712,804	1,554,069		7,266,873	
Compensated Absences	255,572	7,031		262,603	
	<u>\$ 30,168,338</u>	<u>\$1,582,336</u>	<u>\$ 573,932</u>	<u>\$ 31,176,742</u>	<u>\$ 596,917</u>

The annual debt service requirements to maturity, including principal and interest for revenue bonds payable as of December 31, 2023 are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 620,823	\$ 910,976	\$ 1,531,799
2025	645,686	886,112	1,531,798
2026	671,545	860,254	1,531,799
2027	698,440	833,358	1,531,798
2028	726,411	805,388	1,531,799
2029 - 2033	4,092,445	3,566,548	7,658,993
2034 - 2038	4,980,249	2,678,742	7,658,991
2039 - 2043	6,060,650	1,598,342	7,658,992
2044 - 2046	4,250,487	344,908	4,595,395
	<u>\$ 22,746,736</u>	<u>\$ 12,484,628</u>	<u>\$ 35,231,364</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEM

PENSIONS

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by obtained from:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

Plan Descriptions

Defined Contribution Retirement Program (DCRP) – DCRP is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Public Employees' Retirement System – PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS. 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 LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Vesting and Benefit Provisions

Defined Contribution Retirement Program – Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Public Employees' Retirement System – The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

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

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

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Contributions

Defined Contribution Retirement Program – The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. If applicable, in addition to the employee contributions, Authorities contribute 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The Authority had no employees participating in the DCRP for the years ended December 31, 2023, 2022 and 2021.

Public Employees' Retirement System – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, 2022 and 2021, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2022 and 7.50% in State fiscal year 2021. Employee contributions were \$287,533, \$279,429, and \$267,035 for the years ended December 31, 2023, 2022, and 2021, respectively. The payroll subject to pension for the Authority's employees covered by PERS was \$3,771,792, \$3,574,658 and \$3,510,626 for the years ended December 31, 2023, 2022 and 2021, respectively.

The Authority is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Authority's required annual contributions to the PERS were \$646,815, \$607,226 and \$564,754 for the years ended December 31, 2023, 2022, and 2021, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2023, 2022 and 2021 was 17.15%, 16.99% and 16.09%, respectively.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS

At December 31, 2023 and 2022, the Authority reported a liability of \$7,009,741 and \$7,266,873, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2023 and 2022 were measured as of June 30, 2023 and 2022, respectively. The total pension liability used to calculate the net pension liability on June 30, 2023 and 2022 was determined by an actuarial valuation as of July 1, 2022 and 2021, respectively. At June 30, 2023, the Authority's proportion was 0.0483951970%, which was an increase of 0.0002427088% from its proportion measured as of June 30, 2022. At June 30, 2022, the Authority's proportion was 0.0481524882%, which was an decrease of 0.0000710773% from its proportion measured as of June 30, 2021.

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

	June 30, 2023		June 30, 2022	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ 67,022	\$ 28,654	\$ 52,449	\$ 46,253
Changes of Assumptions	15,399	424,820	22,515	1,088,139
Net Difference between Projected and Actual Earnings on Pension Plan Investments	32,281	-	300,769	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	179,093	9,353	341,317	17,752
Authority Contributions Subsequent to the Measurement Date	323,408	-	303,613	-
	<u>\$ 617,203</u>	<u>\$ 462,827</u>	<u>\$ 1,020,663</u>	<u>\$ 1,152,144</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

Deferred outflows of resources related to pensions in the amount of \$323,408 and \$303,613 will be included as a reduction of the net pension liability in the year ending December 31, 2024 and 2023, respectively. This amount is based on an estimated April 1, 2024 and April 1, 2023 contractually required contribution.

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

Year Ending <u>Dec 31,</u>		
2024	\$	(184,657)
2025		(103,069)
2026		144,032
2027		(25,776)
2028		438
		<hr/>
	\$	<u>(169,032)</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2019	-	5.00
June 30, 2020	-	5.00
June 30, 2021	-	5.00
June 30, 2022	5.00	
June 30, 2023	5.00	

Actuarial Assumptions

The total pension liability for the June 30, 2023 and 2022 measurement dates were determined by actuarial valuations as of July 1, 2022 and 2021, respectively, which were rolled forward to June 30, 2023 and 2022, respectively.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

	June 30, 2023
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.75% - 6.55% Based on Years of Service
Thereafter	2.75% - 6.55% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

	June 30, 2022
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

For the June 30, 2023 and June 30, 2022 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023 and 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 Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2023 and 2022 are summarized in the table:

<u>Asset Class</u>	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%	27.00%	8.12%
Non-U.S. Developed Market Equity	12.75%	9.22%	13.50%	8.38%
International Small Cap Equity	1.25%	9.22%		
Emerging Market Equities	5.50%	11.13%	5.50%	10.33%
Private Equity	13.00%	12.50%	13.00%	11.80%
Real Estate	8.00%	8.58%	8.00%	11.19%
Real Assets	3.00%	8.40%	3.00%	7.60%
High Yield	4.50%	6.97%	4.00%	4.95%
Private Credit	8.00%	9.20%	8.00%	8.10%
Investment Grade Credit	7.00%	5.19%	7.00%	3.38%
Cash Equivalents	2.00%	3.31%	4.00%	1.75%
U.S. Treasuries	4.00%	3.31%	4.00%	1.75%
Risk Mitigation Strategies	3.00%	6.21%	3.00%	4.91%
	<u>100.00%</u>		<u>100.00%</u>	

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that 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 these 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 Authority's proportionate share of the net pension liability at June 30, 2023 and 2022, respectively, calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 9,125,191	\$ 7,009,741	\$ 5,209,213
	June 30, 2022		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 9,335,803	\$ 7,266,873	\$ 5,506,130

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 6 DETAILED NOTES – NET POSITION

RESTRICTED NET POSITION

The Authority has restricted net position for the following purposes in accordance with the requirements of its Bond Resolution.

	<u>2023</u>	<u>2022</u>
Debt Service	\$ 1,531,798	\$ 1,531,798
Operating	1,715,000	1,648,000
Renewal and Replacement	1,000,000	1,000,000

UNRESTRICTED NET POSITION

Designated:

The Authority has, by resolution, designated a portion of its Unrestricted Net Position for the following purposes:

Subsequent Year's Expenditures – The amount so designated as of December 31, 2023 and 2022 is \$50,000 and \$50,000, respectively.

Undesignated:

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2023 and 2022 of \$(5,335,323) and \$(5,885,409), respectively, is comprised of the following:

	<u>2023</u>	<u>2022</u>
Amount Related to Pensions (GASB 68 and 71)	\$ (7,825,588)	\$ (8,309,193)
Undesignated before GASB 68 and 71		
Pension Related Items	2,490,265	2,423,784
	<u>\$ (5,335,323)</u>	<u>\$ (5,885,409)</u>

NOTE 7 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance for risk of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 RELATED ENTITY TRANSACTIONS

On April 3, 2009, the Authority entered into an agreement with the City of Vineland (“City”) to lease 15.87 acres of land owned by the Authority to the City, who then sublet the land to Conectiv Vineland Solar, LLC, for the purpose of constructing and operating a solar photovoltaic electric generating facility. The term of the lease shall end on the date the City’s Power Purchase and Sale Agreement with Conectiv Vineland Solar, LLC ends, or

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 8 RELATED ENTITY TRANSACTIONS (CONTINUED)

such date the City and the Authority may agree upon. The maximum term shall not exceed thirty (30) years without written approval of the Authority. The Authority will receive a percentage of the City's savings from the solar energy delivered both on a monthly and annual basis during the term of the agreement. There are no fixed amounts due under this agreement, therefore the provisions of GASB 87 (Leases) do not apply to this agreement. As described in Note 1, the Authority is a related organization to the City of Vineland, but not a Component Unit of the City.

NOTE 9 PRIOR PERIOD ADJUSTMENT

During 2023 the Authority determined that it's previous implementation of GASB Statement No. 87 *Leases* should have included a lease with a commercial enterprise and should have therefore recognized a lease receivable and a deferred inflow of resources at the time of implementation. As a result, certain account balances as of and for the year ended December 31, 2022 have been restated. The following table illustrates the restatement:

Statement of Net Position		
	January 1, 2022	December 31, 2022
Net Position as Previously Reported	\$43,920,994	\$ 43,349,465
Prior Period Adjustment:		
Assets:		
Lease Receivables - Current	72,253	72,253
Lease Receivables - Noncurrent	2,820,403	2,748,150
Deferred Inflows of Resources:		
Deferred Amount Relating to Leases	(2,892,656)	(2,820,403)
Net Position as Restated	\$43,920,994	\$ 43,349,465

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 9 PRIOR PERIOD ADJUSTMENT (CONTINUED)

Statement of Revenues, Expenses and Changes in Net Position

	<u>2022 (As Previously Reported)</u>	<u>2022 As Restated</u>
Non-Operating Revenue:		
Miscellaneous Income	211,409	135,529
Lease Income		72,253
Interest Income on Leases		3,627
	<u>\$ 211,409</u>	<u>\$ 211,409</u>

NOTE 10 SUBSEQUENT EVENTS

In June of 2024, the Authority adopted a resolution authorizing the issuance of not to exceed \$3,000,000 Revenue Bonds and any Notes issued in anticipation thereof through the New Jersey Infrastructure Bank Financing Program. The Bonds are to be issued to provide funds to finance: the cost to rehabilitate approximately one mile of sanitary sewer main ranging from 8-inch to 48-inch diameter pipe in the vicinity of Mill Road (from Almond Road to Landis Avenue to the treatment plant) and Gheysen Avenue, improve electrical upgrades at the treatment plant, purchase a back-up generator, and rehabilitate a pump station. It should be noted the costs of the Project are expected to be paid from funds to be available and loaned from the New Jersey Infrastructure Bank (the "I-Bank"), with the long-term repayment of any such funds being forgiven by the I-Bank, as long as such amount does not exceed \$3,000,000. No bonds have been issued pursuant to this Bond Resolution as of the date of this report.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**THE LANDIS SEWERAGE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULES OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS AND NOTES**

Schedule of Proportionate Share of Net Pension Liability at June 30 (measurement date)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.0483951970%	0.0481524882%	0.0482235655%	0.0470117652%	0.0462832820%	0.0464147700%	0.0420005241%	0.0461319889%	0.0433908573%	0.0441950963%
Authority's Proportionate Share of the Net Pension Liability	\$ 7,009,741	\$ 7,266,873	\$ 5,712,804	\$ 7,666,389	\$ 8,339,545	\$ 9,138,837	\$ 9,777,051	\$ 13,662,972	\$ 9,740,378	\$ 8,274,531
Authority's Covered-Employee Payroll	\$ 3,568,848	\$ 3,485,112	\$ 3,534,012	\$ 3,316,416	\$ 3,289,000	\$ 3,259,500	\$ 2,991,632	\$ 3,164,092	\$ 2,863,016	\$ 3,056,348
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	196.41%	208.51%	161.65%	231.16%	253.56%	280.38%	326.81%	431.81%	340.21%	270.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

Schedule of Employer Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 646,815	\$ 607,226	\$ 564,754	\$ 514,285	\$ 450,200	\$ 461,677	\$ 389,090	\$ 409,830	\$ 373,045	\$ 364,338
Contributions in Relation to the Contractually Required Contribution	\$ (646,815)	\$ (607,226)	\$ (564,754)	\$ (514,285)	\$ (450,200)	\$ (461,677)	\$ (389,090)	\$ (409,830)	\$ (373,045)	\$ (364,338)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 3,574,658	\$ 3,574,658	\$ 3,510,626	\$ 3,528,853	\$ 3,384,006	\$ 3,220,335	\$ 3,237,854	\$ 3,050,187	\$ 3,126,640	\$ 2,940,410
Contributions as a Percentage of Authority's Covered-Employee Payroll	17.15%	16.99%	16.09%	14.57%	13.30%	14.34%	12.02%	13.44%	11.93%	12.39%

Notes

Changes in Benefit Terms - The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in Assumptions - In accordance with Paragraph 44 of GASB Statement No. 67 the discount rate for June 30, changed as follows:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	
	7.00%	7.00%	7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.39%

Schedule Presentation - These schedules are presented to illustrate the requirement to show information for 10 years.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED
YEARS ENDED DECEMBER 31, 2023 AND 2022

NET INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED		RESTRICTED				TOTALS (MEMO)	
	UNDESIGNATED	DESIGNATED	DEBT SERVICE	CONSTRUCTION	RENEWAL AND REPLACEMENT	OPERATING	2023	2022 (RESTATED)
OPERATING REVENUE:								
User Charges and Fees	\$ -	\$ 11,139,464	\$ -	\$ -	\$ -	\$ -	\$ 11,139,464	\$ 10,674,441
Connection Fees		385,312					385,312	261,785
Other		378,123					378,123	339,211
	-	11,902,899	-	-	-	-	11,902,899	11,275,437
OPERATING EXPENSES:								
Cost of Providing Services		7,798,321					7,798,321	7,190,763
Administrative and General		2,274,032					2,274,032	2,044,329
Depreciation		2,813,145					2,813,145	2,800,077
	-	12,885,498	-	-	-	-	12,885,498	12,035,169
OPERATING LOSS	-	(982,599)	-	-	-	-	(982,599)	(759,732)
NON-OPERATING REVENUE (EXPENSES):								
Miscellaneous Income		453,634					453,634	135,529
Interest Income		221,035		65,255	2,556	49,271	338,117	137,928
Lease Income		72,253					72,253	72,253
Interest Income on Leases		3,627					3,627	3,627
Interest Expense		(932,434)					(932,434)	(957,866)
Abandoned Projects							-	(26,455)
Appropriation to City of Vineland		(50,000)					(50,000)	(50,000)
Gain on Disposal of Capital Asset							-	2,350
Increase (Decrease) in Fair Value of Investments		54,739					54,739	(86,417)
	-	(177,146)	-	65,255	2,556	49,271.00	(60,064)	(769,051)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	-	(1,159,745)	-	65,255	2,556	49,271.00	(1,042,663)	(1,528,783)
CAPITAL CONTRIBUTIONS	-	63,460					63,460	174,862
TRANSFERS AND ADJUSTMENTS:								
Interest Income		67,811		(65,255)	(2,556)		-	-
Other Transfers	(1,596,289)	1,578,560				(49,271)	67,000	-
INCREASE (DECREASE) IN NET POSITION	(1,596,289)	550,086	-	-	-	-	67,000	(1,353,921)
NET POSITION - JANUARY 1,	43,651,155	(5,885,409)	50,000	1,531,798	-	1,000,000	1,648,000	41,995,544
NET POSITION - DECEMBER 31,	\$ 42,054,866	\$ (5,335,323)	\$ 50,000	\$ 1,531,798	\$ -	\$ 1,000,000	\$ 1,715,000	\$ 41,016,341
UNRESTRICTED NET POSITION (DEFICIT)- UNDESIGNATED-								
Related to Pensions (GASB 68 and 71)		\$ (7,825,588)						
Before GASB 68 and 71 Pension Related Items		2,490,265						
		<u>\$ (5,335,323)</u>						

THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022

	2023 BUDGET	2023 ACTUAL	2022 ACTUAL
REVENUE:			
User Charges and Fees	\$ 10,820,000	\$ 11,139,464	\$ 10,674,441
Connection and Lateral Fees	125,000	385,312	261,785
Other Revenue	635,000	907,637	550,620
Interest Income	320,000	338,117	137,928
Total Revenue	11,900,000	12,770,530	11,624,774
EXPENSES:			
Cost of Providing Services:			
Salaries - Supervision	1,310,000	1,400,210	1,425,989
Salaries and Wages	2,160,000	2,252,948	2,182,969
Employee Benefits	1,516,000	1,683,793	1,574,790
Payroll Taxes	285,000	276,063	283,736
Utilities and Telephone	962,400	1,178,602	1,008,895
Miscellaneous Materials and Supplies	228,000	266,452	366,163
Repairs and Maintenance	311,000	242,836	272,872
Laboratory Testing	32,000	32,196	28,904
Grit and Grease Disposal	20,000	18,159	16,962
Mobile Equipment Expense	138,000	147,838	165,980
Chemicals	501,600	428,477	350,027
Industrial Pretreatment	17,000	23,229	15,054
Sewer Backup and Clean-up Costs	20,000	4,982	24,129
Farm Supplies, Maintenance and Utilities	160,000	217,677	185,108
	7,661,000	8,173,462	7,901,578
Administrative and General Expenses:			
Salaries and Wages	995,000	1,056,232	1,052,529
Employee Benefits	468,000	507,714	478,144
Payroll Taxes	81,000	87,532	77,473
Professional Services	172,000	175,492	163,638
Insurance	220,000	225,026	203,934
Travel	5,000	4,219	4,940
Public Relations	1,000	1,612	150
City of Vineland - Tax Office	11,000	12,000	11,848
Permit Fees	103,000	125,142	84,856
Miscellaneous Expense	64,000	89,248	77,132
Office Expenses	91,000	87,194	85,117
Chairman's Expenses	10,000	7,085	7,930
Household Hazardous Waste Clean-Up Day	4,000	4,000	4,000
	2,225,000	2,382,496	2,251,691
Interest Expense	935,000	932,434	957,866

THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2023</u> <u>BUDGET</u>	<u>2023</u> <u>ACTUAL</u>	<u>2022</u> <u>ACTUAL</u>
OTHER COSTS FUNDED BY REVENUE:			
Principal Maturities	\$ 597,000	\$ 596,917	\$ 573,932
Debt Service Coverage Requirement	65,000		
Municipal Appropriations	50,000	50,000	50,000
Capital Outlays	417,000	407,801	453,712
	<u>1,129,000</u>	<u>1,054,718</u>	<u>1,077,644</u>
TOTAL COSTS FUNDED BY REVENUE	<u>11,950,000</u>	<u>12,543,110</u>	<u>12,188,779</u>
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	<u>\$ (50,000)</u>	227,420	(564,005)
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Capital Contributions		63,460	174,862
Abandoned Projects		-	(26,455)
Principal Maturities		596,917	573,932
Capital Outlays		407,801	453,712
Depreciation		(2,813,145)	(2,800,077)
Increase (Decrease) in Fair Value of Investments		54,739	(86,417)
Gain on Disposal of Capital Asset		-	2,350
Pension Expense - Difference of GAAP vs. Budgetary Basis		483,605	918,177
CHANGE IN NET POSITION PER EXHIBIT B		<u>\$ (979,203)</u>	<u>\$ (1,353,921)</u>

**THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF SEWER REVENUE BONDS PAYABLE
DECEMBER 31, 2023**

DESCRIPTION	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2023	ISSUED 2023	PRINCIPAL PAID 2023	BALANCE DECEMBER 31, 2023
	DATE	AMOUNT		DATE	AMOUNT				
Issue of 2016	8/11/2016	\$ 25,000,000	3.95%	12/31/2024	\$ 620,823	\$ 23,343,653	\$ -	\$ 596,917	\$ 22,746,736
			3.95%	12/31/2025	645,686				
			3.95%	12/31/2026	671,545				
			3.95%	12/31/2027	698,440				
			3.95%	12/31/2028	726,411				
			3.95%	12/31/2029	755,503				
			3.95%	12/31/2030	785,760				
			3.95%	12/31/2031	817,228				
			3.95%	12/31/2032	849,957				
			3.95%	12/31/2033	883,997				
			3.95%	12/31/2034	919,400				
			3.95%	12/31/2035	956,220				
			3.95%	12/31/2036	994,516				
			3.95%	12/31/2037	1,034,344				
			3.95%	12/31/2038	1,075,769				
			3.95%	12/31/2039	1,118,852				
			3.95%	12/31/2040	1,163,660				
			3.95%	12/31/2041	1,210,263				
			3.95%	12/31/2042	1,258,732				
			3.95%	12/31/2043	1,309,143				
			3.95%	12/31/2044	1,361,572				
			3.95%	12/31/2045	1,416,101				
			3.95%	12/31/2046	1,472,814				
						<u>\$ 23,343,653</u>	<u>\$ -</u>	<u>\$ 596,917</u>	<u>\$ 22,746,736</u>

**THE LANDIS SEWERAGE AUTHORITY
FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2023**

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

None Noted

**THE LANDIS SEWERAGE AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2023**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted

**THE LANDIS SEWERAGE AUTHORITY
ROSTER OF OFFICIALS**

<u>Authority Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Joseph J. Reuben, III	Chairman	\$ 10,000
Alan R. Angelo	Vice-Chairman	10,000
Ryan R. Headley	Secretary	10,000
Yarilee J. Miranda	Treasurer	10,000
Perry D. Barse	Assistant Secretary/Treasurer	10,000

Other Officials

Gruccio, Pepper, De Santo & Ruth, PA	Solicitor	
Anthony K. Tobolski	Executive Director	10,000
Cumberland Advisors/ Cumberland Consulting	Financial Advisor	

Surety Companies

Selective Insurance Company of America