

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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please reply to the Freehold office

July 10, 2020

Brian M. Vayda, Executive Director
New Jersey Public Power Authority
c/o Borough of Butler
One Ace Road
Butler, NJ 07405

Dear Mr. Vayda:

We transmit herewith one emailed copy of the official annual audit report of the Authority for the year ended January 31, 2020. A certified copy of this report will be sent to the Director of the Division of Local Government Services of the State.

We will send other related documents like the audit synopsis shortly thereafter.

If there are any questions, please feel free to contact me

Very truly yours,



Gerard Stankiewicz, Authority Auditor

GS/lt
Enclosures

NEW JERSEY PUBLIC POWER AUTHORITY
REPORT OF AUDIT
YEAR ENDED JANUARY 31, 2020

Prepared By:
Gerard Stankiewicz, CPA, RMA
Of the Firm of:
Samuel Klein and Company
Certified Public Accountants
36 West Main Street, Suite 303
Freehold, New Jersey 07728

NEW JERSEY PUBLIC POWER AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Chairman and Authority Members
New Jersey Public Power Authority
State of New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the New Jersey Public Power Authority, State of New Jersey (the "Authority"), as of and for the year ended January 31, 2020 and January 31, 2019, and the related notes to the financial statements, which comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of January 31, 2020 and January 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 and budgetary comparison on pages 28 through 29 be presented to supplement the financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The information included in the supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

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

The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
July 1, 2020

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**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 Authority Members
New Jersey Public Power Authority
State of 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 Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements and fund information of New Jersey Public Power Authority, State of New Jersey (the "Authority"), as of and for the year ended January 31, 2020 and January 31, 2019,, and the related notes to the financial statements, which comprise of the Authority's financial statements, and have issued our report thereon dated July 1, 2020.

Internal Control Over Financial Reporting

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

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

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

**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
(CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

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



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
July 1, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the New Jersey Public Power Authority's (Authority) annual financial report, the management of the Authority provides narrative discussion and analysis of the financial activities of the Authority for the audit year ending January 31, 2020.

The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

Discussion of Financial Statements Included in Annual Audit

The Authority prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows is prepared on the accrual basis and is in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to government entities. These statements are the official financial statements of the New Jersey Public Power Authority.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of statements. These statements are considered "Supplementary Information".

The Authority presents its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all cash disbursements, accounts payable and accrued expenses as charges against the adopted appropriation.

Contained in the supplementary information are statements that report the Schedule of Operating Revenues and Expenditures Compared to Budget. This statement compares the "Budget" revenues and expenses to "Actual" revenues and expenses. This includes operating revenues and expenses, and depreciation is not reported as an expense in these statements. On the "GAAP" based and "Modified GAAP" based, Depreciation Expense is reported.

The Budget to Actual statement is a very important statement to the Authority management staff, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the financial statements of the New Jersey Public Power Authority, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to government entities. This is the first set of statements included in the annual audit report.

New Jersey Public Power Authority

Statement of Net Position

The New Jersey Public Power Authority's total assets are \$269,975.78. Total liabilities are \$53,022.26. Assets exceed liabilities by \$216,953.52.

The New Jersey Public Power Authority's Net Position of \$ represents the portion available to maintain the Authority's continuing obligations to the members and creditors.

	<u>Year Ended January 31, 2020</u>	<u>Year Ended January 31, 2019</u>
Current Assets		
Total Unrestricted Assets	\$ <u>269,975.78</u>	\$ <u>157,607.63</u>
Total Assets	\$ <u><u>269,975.78</u></u>	\$ <u><u>157,607.63</u></u>
Liabilities		
Total Current Liabilities Payable from Unrestricted Assets	\$ <u>53,022.26</u>	\$ <u>21,811.37</u>
Total Liabilities	\$ <u><u>53,022.26</u></u>	\$ <u><u>21,811.37</u></u>
Net Position	\$ <u><u>216,953.52</u></u>	\$ <u><u>135,796.26</u></u>

Net Position as of January 31, 2020 increased \$81,157.26 as a result of the revenue exceeding expenditures.

	<u>Year Ended January 31, 2020</u>	<u>Year Ended January 31, 2019</u>
Total Operating Revenue	\$ 183,150.00	\$ 198,499.99
Operating Expenses	<u>102,826.75</u>	<u>118,444.99</u>
Operating Income	\$ 80,323.25	\$ 80,055.00
Nonoperating Revenue/Expenses	<u>834.01</u>	<u>888.45</u>
Net Income	\$ 81,157.26	\$ 80,943.45
Net Position, Beginning	<u>135,796.26</u>	<u>54,852.81</u>
Net Position, Ending	\$ <u><u>216,953.52</u></u>	\$ <u><u>135,796.26</u></u>

Governing Body

The Board consists of nine (9) Commissioners. The member municipalities based on their own local ordinance (preference) select representation to the Authority.

The Commissioners are:

Donna Mull, President	Borough of Pemberton
Jim Borowski, Vice President	Borough of Lavellette
Jim Lampmann, Commissioner	Borough of Butler
Christopher Vaz, Commissioner	Borough of Seaside Heights
Bill Beattie, Commissioner	Borough of Park Ridge
Jeanette Larrison, Commissioner	Borough of Milltown
Jim Burnet, Commissioner	Borough of Madison
Joseph Zanga, Commissioner	Borough of South River
John Lillie, Commissioner	City of Vineland

Mission Statement

Mission:

The purposes for which NJPPA is organized are to act jointly and perform according to standard electric industry practices all authorized endeavors to achieve savings and efficiencies for retail customers in Member systems through coordinated bulk power and fuel supply programs; undertake the planning, financing, development, acquisition, construction, reconstruction, improvement, enlargement, betterment, operation and maintenance of a project or projects to supply electric power and/or energy for the present and future needs of its Members; and to effect joint development of electric energy resources or production, distribution, and transmission of electric power and/or energy in whole or in part for the benefit of the contracting Members; and to do and perform all acts and things for the benefit of its Members and others, which by law, expressed or implied, it is authorized, empowered or permitted to do and perform.

Funding of Infrastructure and Debt Management

The Authority is currently debt free.

- The members of the Board meet quarterly and also have monthly and/or periodic conference call meetings.
- All meetings are publicly advertised and are open to the public.
- Financial records are maintained in one of the member municipalities finance office.

Auditors

The Authority Auditor is Gerard Stankiewicz, CPA, RMA of Samuel Klein and Company. Audits can be obtained by contacting the Authority Director Brian Vayda at bvayda@ppanj.net or any of the Member Communities Borough Clerk.

FINANCIAL STATEMENTS

NEW JERSEY PUBLIC POWER AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
FOR THE FISCAL YEARS ENDED JANUARY 31, 2020 AND JANUARY 31, 2019

	<u>January 31,</u> <u>2020</u>	<u>January 31,</u> <u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 247,714.60	\$ 147,734.90
Accounts Receivable	<u>22,261.18</u>	<u>9,872.73</u>
Total Assets	<u>\$ 269,975.78</u>	<u>\$ 157,607.63</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accrued Liabilities	<u>\$ 53,022.26</u>	<u>\$ 21,811.37</u>
Total Liabilities	<u>\$ 53,022.26</u>	<u>\$ 21,811.37</u>
<u>NET POSITION</u>		
Unrestricted	<u>\$ 216,953.52</u>	<u>\$ 135,796.26</u>
Net Position	<u>\$ 216,953.52</u>	<u>\$ 135,796.26</u>

See Notes to Financial Statements

NEW JERSEY PUBLIC POWER AUTHORITY
COMPARATIVE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN NET POSITION
FOR THE FISCAL YEARS ENDED JANUARY 31, 2020 AND JANUARY 31, 2019

	<u>January 31,</u> <u>2020</u>	<u>January 31,</u> <u>2019</u>
Revenue:		
Member Contributions	\$ <u>183,150.00</u>	\$ <u>198,499.99</u>
Total Revenue	<u>183,150.00</u>	<u>198,499.99</u>
Expenses:		
Expenditures	\$ <u>102,826.75</u>	\$ <u>118,444.99</u>
Total Expenses	<u>102,826.75</u>	<u>118,444.99</u>
Excess of Revenue Over Expenses	\$ 80,323.25	\$ 80,055.00
Nonoperating Revenue/(Expenses)	<u>834.01</u>	<u>888.45</u>
Net Income	\$ 81,157.26	\$ 80,943.45
Net Position, Beginning of Year	<u>135,796.26</u>	<u>54,852.81</u>
Net Position, End of Year	<u>\$ 216,953.52</u>	<u>\$ 135,796.26</u>

See Notes to Financial Statements

NEW JERSEY PUBLIC POWER AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JANUARY 31, 2020 AND JANUARY 31, 2019

	January 31, 2020	January 31, 2019
Cash Flows from Operating Activities:		
Cash Received from Members	\$ 183,150.00	\$ 198,499.99
Cash Received Reimbursements	103,364.97	83,735.45
Cash Paid for Other Expenses	(14,036.33)	(41,712.33)
Cash Paid to Employees	(173,332.95)	(171,691.98)
Net Cash Flows from Operating Activities	99,145.69	68,831.13
Cash Flows from Investing Activities:		
Interest Received on Investments	\$ 834.01	\$ 588.45
Other Income		300.00
Net Cash Provided by Investing Activities	834.01	888.45
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 99,979.70	\$ 69,719.58
Cash and Cash Equivalents at Beginning of Year	147,734.90	80,015.32
Cash and Cash Equivalents at End of Year	\$ 247,714.60	\$ 149,734.90
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating Income	\$ 80,323.25	\$ 80,055.00
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(12,388.45)	(9,872.73)
Increase/(Decrease) in Accrued Expenses	31,210.89	(3,351.14)
Net Cash Flows from Operating Activities	\$ 99,145.69	\$ 66,831.13

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Reporting Entity**

Organization – The New Jersey Public Power Authority (“NJPPA”) or (“Authority”), a municipal shared services energy authority was formed by a combination of the following municipalities of the State of New Jersey, together with other municipalities or rural electric cooperatives that become parties hereto, the “Members”: City of Vineland, and the Boroughs of Butler, Lavallette, Madison, Milltown, Park Ridge, Pemberton, Seaside Heights and South River.

The Members are desirous of contracting to establish a municipal shared services energy authority according to the provisions set forth in the Municipal Shared Services Energy Authority Act, N.J. Stat. Ann. §40A:66-1(2016), *et seq.* (hereinafter referred to as the “Act”), for the purpose of acting jointly to promote the stability and viability of the Member systems and to achieve efficiencies and savings for the retail customers of the Member systems.

The Members governing bodies have adopted ordinances approving this Inter-Municipal Agreement (“IMA”) and the IMA and the pertinent ordinances were submitted to the Local Finance Board (“LFB”) of the New Jersey Division of Local Governmental Services as an application for approval of this IMA, and the LFB either approved this IMA or did not disapprove this IMA within sixty days of a completed application.

Purpose – The purposes for which NJPPA is organized are to act jointly and perform according to standard electric industry practices all authorized endeavors to achieve savings and efficiencies for retail customers in Member systems through coordinated bulk power and fuel supply programs; undertake the planning, financing, development, acquisition, construction, reconstruction, improvement, enlargement, betterment, operation and maintenance of a project or projects to supply electric power and/or energy for the present and future needs of its Members; and to effect joint development of electric energy resources or production, distribution, and transmission of electric power and/or energy in whole or in part for the benefit of the contracting Members; and to do and perform all acts and things for the benefit of its Members and others, which by law, expressed or implied, it is authorized, empowered or permitted to do and perform.

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

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are as described below.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of state and local governments. Revenues are recognized when earned and measurable. Expenses are recognized when incurred, if measurable.

C. Budgets

Budgets, which are required by state statute, are adopted in accordance with regulations promulgated by the Bureau of Authority Regulations, Department of Community Affairs ("DCA"), State of New Jersey. An annual appropriated budget was adopted for the operations of the Authority, with approval by the DCA.

D. Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and securities that mature ninety (90) days or less from the date purchase.

All investments are in Certificates of Deposit and are stated at cost plus interest earned.

State statutes authorize the government to invest in obligations as described in Note 2.

E. Inventory

The costs of inventories of materials and supplies are recorded as expenditures at the time individual items are purchased. The cost of inventories is negligible and not recorded as an asset. There is no inventory at January 31, 2020.

F. Capital Assets, Net

Property, plant and equipment are stated at cost. The cost of property, plant and equipment is depreciated over its estimated useful life, by the straight-line method. Major improvements to existing plant and equipment are capitalized. Repairs and maintenance that do not extend the life of plant and equipment are charged to expense as incurred. Upon the sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Change in Net Position. There are no capital assets at January 31, 2020.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Grants and Donations

Contributions received from various sources as grants are recorded in the period they become measurable. Developer financed construction is recorded in the period in which the system is donated to the Authority. 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 revenues. Grants externally restricted for non-operating purposes are recorded as contributed capital and identified as grants-in-aid.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. There are no Deferred Inflows/Outflows of Resources as of January 31, 2020.

I. Net Position

Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

J. Accounting and Financial Reporting for Pensions

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. There are no Deferred Inflows/Outflows of Resources as of January 31, 2020.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Other Accounting Standards

The Authority is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018; per *GASB Statement No. 95* implementation has been delayed one year. The Authority does not expect this Statement to impact its financial statements.

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018; per *GASB Statement No. 95* delayed one year. The Authority does not expect this Statement to impact its financial statements.

- *GASB Statement No. 87.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Other Accounting Standards (Continued)

- (Continued) Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 per GASB Statement No. 95 implementation has been delayed one year. The Authority does not expect this Statement to impact its financial statements. Earlier application is encouraged.

- *GASB Statement No. 88.- Certain Disclosures Related to Debt, including Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information and is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018; per *GASB Statement No. 95* implementation has been delayed one year. The Authority does not expect this Statement to impact its financial statements. Earlier application is encouraged.

- *GASB Statement No. 89. Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Authority does not expect this Statement to impact its financial statements.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019; per *GASB Statement No. 95* implementation has been delayed one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Authority does not expect this Statement to impact its financial statements.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Other Accounting Standards (Continued)

- *GASB Statement No. 90. Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018; per *GASB Statement No. 95* implementation has been delayed one year. Earlier application is encouraged. The Authority does not expect this Statement to impact its financial statement.

- *GASB Statement 91. Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020; per *GASB Statement No. 95* implementation has been delayed one year. Earlier application is encouraged. The Authority does not expect this Statement to impact its financial statement.

- *GASB Statement 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Other Accounting Standards (Continued)

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Implementation has been postponed to June 15, 2021. The Authority does not expect this Statement to impact its financial statement.

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; per *GASB Statement No. 95* implementation has been delayed one year. Earlier application is encouraged. The Authority does not expect this Statement to impact its financial statement.

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021; per *GASB Statement No. 95* implementation has been delayed one year. The Authority does not expect this Statement to impact its financial statement.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Other Accounting Standards (Continued)

- *GASB Statement 95. Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later; per *GASB Statement No. 95* implementation has been delayed one year.

Effective Date: The requirements of this Statement are effective immediately. The Authority does not expect this Statement to impact its financial statement.

E. Subsequent Events

Management has reviewed and evaluated all events and transactions from January 31, 2020 through July 1, 2020, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Authority that would require disclosure.

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its 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 the New Jersey Cash Management Fund or a local government investment pool. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit 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 funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board of a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature within one year.

The amount of the Authority held deposits at year-end was \$248,164.61.

Risk Analysis

The cash and checking accounts are covered by provision of the Government Unit Deposit Protection Act ("GUDPA").

B. Investments

When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any Authority may use available funds for the purpose of the following types of securities that, if suitable for registry, may be registered in the name of the Authority.

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- Bonds or other obligations of Authority.
- Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- Local Government investment pools.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C. 1:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

All marketable securities with a maturity date of more than ninety (90) days from the date of purchase are deemed to be investments of the Authority as defined in GASB Statement No. 3 as amended by GASB Statement No. 40.

C. Cash Management Plan

In accordance with N.J.S. 40A:4-14, every Authority shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body of the Authority and may be modified from time to time in order to reflect changes in Federal or State law or regulations. The Executive Director shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 3. ACCOUNTS RECEIVABLE

The Accounts Receivable consists of the portion of expenses of the Authority that are reimbursed from the NJPPA. The detail is as follows:

	<u>Amount</u>
Unused Sick and Vacation Accrual	\$ 9,991.27
January 2020 Paid Payroll	10,422.86
January 31, 2020 Payroll Accrual	<u>1,847.05</u>
	<u>\$ 22,261.18</u>

The amount receivable approximates 50% of the payroll related Accounts Payable.

Note 4. PENSION PLAN – PERS

Description of System

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after twenty-five (25) years of service or under the disability provisions of PERS. The Authority's employee participates in the PERS.

The Authority is not a direct member of the PERS. The pension for the Authority Executive Director is billed through the Borough of Butler (as he is deemed an employee of the Borough of Butler) and the Authority reimburses them for their fair share and therefore the reporting obligation requirements under GASB #68 Accounting for Long-Term Retirement Obligation is not required.

Additionally, the information relative to the Borough of Butler's Net Pension Liability is contained in their Notes to Financial Statement in the Annual Audit of the Borough. The specific amount of the Authority's obligation is not determined as the Authority is not a member of the PERS and it is impractical to use estimates.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 5. ACCOUNTS PAYABLE

Represent amounts that are due from the Authority as a result of interlocal agreement for payroll expenses. The bulk of the amount consists of salaries and social security taxes and is as follows:

<u>Year</u>	<u>Amount</u>
Unused Sick and Vacation Accrual	\$ 19,982.53
January 2020 Actual Paid	20,845.72
January 31, 2020 Payroll Accrual	<u>3,694.01</u>
	\$ 44,522.26
Other Accounts Payable - Professional Fees	<u>8,500.00</u>
	<u>\$ 53,022.26</u>

Refer to Note 3 for related (offsetting) information.

Note 6. OTHER POST RETIREMENT BENEFITS (“OPEB”)

The Authority presently does not provide for OPEB Post-Retirement Benefits for its employee and therefore there is no reporting obligation under GASB #75.

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 its employees and natural disasters. The Authority’s only asset is cash and there exists surety bond coverage for key personnel. As the Authority develops, additional coverage will need to be added.

Note 8. NONCURRENT DEBT

There is no noncurrent debt of the Authority or issued debt in the name of the Authority.

Note 9. NET POSITION – BASIC FINANCIAL STATEMENT

Unrestricted Net Position is \$216,953.52 at January 31, 2020.

Note 10. OFFICE SPACE

The Authority’s headquarters is located within the Borough of Butler Administration Building. There is no fee for the space and the value of the rental has not been determined.

NEW JERSEY PUBLIC POWER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2020
AND JANUARY 31, 2019

Note 11. COMMITMENTS AND CONTINGENCIES

A. Litigation

It is the opinion of the Authority management that there is no litigation threatened or pending that would have a material adverse impact on the financial position of the Authority or adversely affect the Authority's ability to levy, collect and enforce the collection of user charges or other revenue for the payment of its obligations.

B. Compensated Absences

The Authority employees earn vacation, sick, and personal time off during the year. The Authority allows for the carryover from one year to the next and/or payout upon retirement of any unused time. Requests for exception to the policy with respect to carryover are handled on a case by case basis. An accrual was made for a potential budget.

C. Purchasing Commitments

There were no commitments toward purchasing of any commodity nor construction of assets that benefit the members as of January 31, 2020 and subsequent to the year end.

Note 12. SHARED SERVICE AGREEMENT

The Authority has a shared service agreement with the Borough of Butler and the Public Power Association of New Jersey (PPANJ) for the management services of the Authority Executive Director. The Executive Director by agreement is deemed an employee of the Borough of Butler for the purpose of employment taxes, benefits and pension. The Borough of Butler bills the Authority. The Authority also receives reimbursement for the PPANJ-share of the Executive Director salary and benefits and they are a related party with the common goals and membership and have a preexisting agreement to share expenses and bills. The annual reimbursement for NJPPA in 2019-2020 is \$115,753.40.

Note 13. SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the Authority (which is essential) has evaluated the impact of the situation and has determined that there is no adverse impact on its January 31, 2020 financial statements (*audited*). Financial impact for fiscal year 2020-2021 should be minimal. A significant portion of the revenue to support the Authority operations is member assessment which as of the date of the report have all been received for the year.

REQUIRED SUPPLEMENTARY INFORMATION

NEW JERSEY PUBLIC POWER AUTHORITY
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
UNRESTRICTED ACCOUNT
FOR THE FISCAL YEAR ENDED JANUARY 31, 2020
(WITH COMPARATIVE TOTALS FOR JANUARY 31, 2019)

	Year Ended January 31, 2020			Memorandum Only
	<u>Budget After</u>	<u>Realized</u>	<u>Excess</u>	<u>January 31,</u>
	<u>Modification</u>	<u>Revenues</u>	<u>(Deficit)</u>	<u>2019</u>
Revenue:				
Member Contributions	\$ 182,750.00	\$ 183,150.00	\$ 400.00	\$ 198,499.99
Nonbudget (Nonoperating) Revenue:				
Interest Income	400.00	\$ 834.01	\$ 434.01	\$ 588.45
Other Income				300.00
	<u>400.00</u>	<u>834.01</u>	<u>434.01</u>	<u>888.45</u>
Total Revenue	<u>\$ 183,150.00</u>	<u>\$ 183,984.01</u>	<u>\$ 834.01</u>	<u>\$ 199,388.44</u>

NEW JERSEY PUBLIC POWER AUTHORITY
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
UNRESTRICTED ACCOUNT
FOR THE FISCAL YEAR ENDED JANUARY 31, 2020
(WITH COMPARATIVE TOTALS FOR JANUARY 31, 2019)

	Year Ended January 31, 2020			Memorandum Only January, 31 2019
	Budget After Modification	Total Paid or Charged	Unexpended Balance or (Excess Expenditures)	Total Paid or Charged
Personnel:				
Salaries	\$ 125,000.00	\$ 89,290.44	\$ 35,709.56	\$ 73,404.92
Employee Benefits				16,852.41
	<u>125,000.00</u>	<u>89,290.44</u>	<u>35,709.56</u>	<u>90,257.33</u>
Other Expenses:				
Insurance	1,900.00	1,335.50	564.50	1,449.75
Legal	40,000.00		40,000.00	9,043.61
Accounting/Audit	9,100.00	8,500.00	600.00	9,000.00
Travel and Conference	1,250.00	901.78	348.22	938.61
Professional Services	3,000.00	825.00	2,175.00	6,450.00
Office Supplies	1,500.00	1,345.10	154.90	1,159.56
Miscellaneous	1,400.00	628.93	771.07	146.13
	<u>58,150.00</u>	<u>13,536.31</u>	<u>44,613.69</u>	<u>28,187.66</u>
Total Expenses	<u>\$ 183,150.00</u>	<u>\$ 102,826.75</u>	<u>\$ 80,323.25</u>	<u>\$ 118,444.99</u>
Detail of Paid or Charged:				
Add:				
Cash Disbursed by Authority		\$ 165,557.89		
Accounts Payable		<u>53,022.26</u>		
		<u>218,580.15</u>		
Less:				
Cash Received		\$ 93,492.22		
Accounts Receivable		<u>22,261.18</u>		
		<u>115,753.40</u>		
		<u>\$ 102,826.75</u>		

SUPPLEMENTARY INFORMATION

NEW JERSEY PUBLIC POWER AUTHORITY
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JANUARY 31, 2020
(WITH COMPARATIVE TOTALS FOR JANUARY 31, 2019)

	<u>January 31,</u> <u>2020</u>	<u>January 31,</u> <u>2019</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 247,714.60	\$ 147,734.90
Accounts Receivable	<u>22,261.18</u>	<u>9,872.73</u>
Total Assets	<u>\$ 269,975.78</u>	<u>\$ 157,607.63</u>
<u>LIABILITIES</u>		
Liabilities:		
Accrued Liabilities	<u>\$ 53,022.26</u>	<u>\$ 21,811.37</u>
Total Liabilities	<u>\$ 53,022.26</u>	<u>\$ 21,811.37</u>
<u>NET POSITION</u>		
Unrestricted	<u>\$ 216,953.52</u>	<u>\$ 135,796.26</u>
Total Net Position	<u>\$ 216,953.52</u>	<u>\$ 135,796.26</u>

NEW JERSEY PUBLIC POWER AUTHORITY
STATEMENT OF SUPPORT, REVENUES,
EXPENDITURES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JANUARY 31, 2020
(WITH COMPARATIVE TOTALS FOR JANUARY 31, 2019)

	<u>January 31,</u> <u>2020</u>	<u>January 31,</u> <u>2019</u>
Revenue:		
Member Contributions	\$ <u>183,150.00</u>	\$ <u>198,499.99</u>
Total Revenue	\$ <u>183,150.00</u>	\$ <u>198,499.99</u>
Expenses:		
Expenditures	\$ <u>102,826.75</u>	\$ <u>118,444.99</u>
Total Expenses	\$ <u>102,826.75</u>	\$ <u>118,444.99</u>
Excess of Revenue Over Expenses	\$ 80,323.25	\$ 80,055.00
Nonoperating Revenue/Expenses:		
Interest Income	\$ 834.01	588.45
Other Income		<u>300.00</u>
	<u>834.01</u>	<u>888.45</u>
	\$ <u>81,157.26</u>	\$ <u>80,943.45</u>
Net Position, Beginning of Year	<u>135,796.26</u>	<u>54,852.81</u>
Net Position, End of Year	\$ <u><u>216,953.52</u></u>	\$ <u><u>135,796.26</u></u>

OFFICIALS IN OFFICE AND INSURANCE COVERAGE

NEW JERSEY PUBLIC POWER AUTHORITY

OFFICIALS IN OFFICE

JANUARY 31, 2020

COMMISSIONERS

Donna Mull, President *	Borough of Pemberton
Jim Borowski, Commissioner	Borough of Lavellette
Jim Lampmann, Treasurer *	Borough of Butler
Christopher Vaz, Commissioner	Borough of Seaside Heights
Bill Beattie, Commissioner *	Borough of Park Ridge
Jeanette Larrusib, Commissioner	Borough of Milltown
Jim Burnet, Commissioner	Borough of Madison
Joe Zangà, Commissioner	Borough of South River
John Lillie, Commissioner	City of Vineland

OTHER OFFICIALS

Brian Vayda *	Director
Betts & Holt	Attorney
Lakeland Bank	Depository
Gerard Stankiewicz, CPA, RMA of Samuel Klein and Company	Auditor

INSURANCE

- * Covered by Crime and Fidelity Policy \$500,000 limit and \$5,000 deductible.
Selective Insurance Policy #6025137

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
JANUARY 31, 2020

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4 (As Amended)

N.J.S. 40A:11-4 (as amended) states “Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after Public Act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$26,000.00 except in the case of NJPPA in the absence of a Qualified Purchasing Agent (“QPA”) the amount is \$17,500.00, except by contract or agreement”.

The Commissioners and Executive Director of the Authority have the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Authority Counsel’s opinion should be sought before a commitment is made.

The minutes indicate that resolutions were generally adopted and advertised authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S.A. 40A:11-5.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 “for the performance of any work, or for the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles”, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Condition of Records

The financial records were maintained in good condition.

Minutes of Authority meetings were properly maintained by the Recording Secretary.

A General Ledger as required is maintained.

Cash, Cash Equivalents and Investments

The balances in banks at January 31, 2020 were verified with the bank and reconciliations and/or statements issued by the depositories.

Our examination revealed that the Authority has no investments. A cash management plan was adopted for 2019-20.

GENERAL COMMENTS (CONTINUED)
JANUARY 31, 2020

Revenues

The Authority's revenue from annual membership charges were adequate in providing sufficient revenue to cover operating and maintenance expenses.

Expenditures

The vouchers were examined to the extent deemed necessary and found to be satisfactory.

An examination was made of the employees' compensation records for the year ended January 31, 2020 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized in the minutes.

The 2019-20 budget was adopted by the Authority on January 25, 2019. The 2020-21 budget was adopted by the Authority on January 23, 2020.

Other Comments

The Authority should continue to operate in accordance with good fiscal and administrative control practices. As the Authority's role expands, than adjustments to procedures should be addressed.

An exit conference was held in accordance with Generally Accepted Government Auditing Standards for Governmental Entities.

Acknowledgement

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

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please contact us at your earliest opportunity.

Filing Audit Report, N.J.S.A. 40A:5A-15

A copy of this report has been filed with the Division of Local Government Services.

RECOMMENDATIONS
JANUARY 31, 2020

None.

The general comments noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, reading "Gerard Stankiewicz". The signature is written in a cursive style with a long horizontal line extending to the right.

Gerard Stankiewicz, CPA, RMA
For the Firm
SAMUEL KLEIN AND COMPANY
Certified Public Accountants