



**STONY BROOK
REGIONAL SEWERAGE AUTHORITY**

*HOPEWELL BOROUGH • HOPEWELL TOWNSHIP • PENNINGTON BOROUGH
PRINCETON • SOUTH BRUNSWICK TOWNSHIP • WEST WINDSOR TOWNSHIP*

Financial Statements

**For the Years Ended
November 30, 2022 and 2021**

With Independent Auditors' Reports

STONY BROOK REGIONAL SEWERAGE AUTHORITY

I N D E X

**PAGE
NUMBER**

REPORT SECTION

Independent Auditor's Report	1 – 4
Management Discussion and Analysis (Unaudited)	5 – 9

FINANCIAL SECTION

EXHIBITS

“A” Statements of Net Position - November 30, 2022 and 2021	10 – 11
“B” Statements of Revenues, Expenses and Changes in Net Position for the Years Ended November 30, 2022 and 2021	12
“C” Statements of Cash Flows for the Years Ended November 30, 2022 and 2021	13
Notes to Financial Statements – November 30, 2022 and 2021	14 – 40

SUPPLEMENTARY INFORMATION

SCHEDULES

“1” Schedule of Revenues in Unrestricted Cash and Cash Equivalents for the Year Ended November 30, 2022 (with comparative totals for 2021)	41
“2” Schedule of Changes in Restricted Cash and Cash Equivalents for the Year Ended November 30, 2022 (with comparative totals for 2021)	42
“3” Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget for the Years Ended November 30, 2022 and 2021	43 – 45
“4” Schedule of Amounts Refundable to or Receivable From Individual Members for the Year Ended November 30, 2022	46
Notes to the Schedule of Amounts Refundable to or Receivable from Individual Members	47
“5” Schedule of Bonds Payable – Series 2012 Revenue Bonds	48
“6” Schedule of Bonds Payable – NJEIT Series 2007 Bonds	49

	<u>PAGE NUMBER</u>
"7" Schedule of Bonds Payable – NJEIT/ARRA Series 2009 bonds	50
"8" Schedule of Bonds Payable – NJEIT Series 2010 Bonds	51
"9" Schedule of Bonds Payable – NJEIT Series 2015 Bonds	52
"10" Schedule of Bonds Payable – NJEIT Series 2020 Bonds	53
"R-1" Schedule of Authority's Proportionate Share of the Net Pension Liability – Public Employees Retirement System – Last Ten Years	54
"R-2" Schedule of Authority's Contributions – Public Employees Retirement System – Last Ten Years	55
"R-3" Schedule Related to Accounting and Reporting for Pension (GASB 68) – Note to RSI III	56
Roster of Officials - November 30, 2022	57
General Comments and Recommendations	58
 <u>FEDERAL AWARD SECTION</u>	
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	59 – 60
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	61 - 62
Schedule "11" - Schedule of Expenditures of Federal Awards for the Year Ended November 30, 2022	63
Notes to the Schedule of Expenditures of Federal Awards for the Year Ended November 30, 2022	64
Schedule of Findings and Questioned Costs for the Year Ended November 31, 2022	65 – 66
Schedule of Prior Audit Findings for the Year Ended November 30, 2022	67



Report Section



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Stony Brook Regional Sewerage Authority
290 River Road
Princeton, New Jersey 08540

Report on the Financial Statements

We have audited the accompanying financial statements of the Stony Brook Regional Sewerage Authority, which comprise the statements of net position as of and for the years ended November 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Stony Brook Regional Sewerage Authority, as of November 30, 2022 and 2021, and the changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 Stony Brook Regional 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 opinion.

Responsibilities of Management for the Financial Statements

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

SUPLEE, CLOONEY & COMPANY

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 Stony Brook Regional Sewerage Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, 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 Stony Brook Regional 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stony Brook Regional 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.

SUPLEE, CLOONEY & COMPANY

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis and the schedules related to accounting and reporting for pensions in Schedule R-1 through R-3 identified 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stony Brook Regional Sewerage Authority's basic financial statements. The supplemental data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental data schedules and schedule of expenditures of federal awards, as required by the Uniform Guidance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental data schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

SUPLEE, CLOONEY & COMPANY

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023 on our consideration of the Stony Brook Regional 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 scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stony Brook Regional Sewerage Authority's internal control over financial reporting and compliance.

August 31, 2023

A handwritten signature in black ink, appearing to read "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.



STONY BROOK REGIONAL SEWERAGE AUTHORITY

*HOPEWELL BOROUGH • HOPEWELL TOWNSHIP • PENNINGTON BOROUGH
PRINCETON • SOUTH BRUNSWICK TOWNSHIP • WEST WINDSOR TOWNSHIP*

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the Stony Brook Regional Sewerage Authority's (the "Authority") financial condition and activities for the year ending November 30, 2022. Management's Discussion and Analysis ("MD&A") serves as an introduction to the financial statements and should be read in conjunction with the financial statements and the accompanying notes.

Management believes the Authority's financial condition is strong. Internal controls are in place to provide reasonable assurance that all financial transactions are properly recorded, and the financial statements are prepared in accordance with accounting principles generally accepted in the United States.

Audit Assurance

The unmodified opinion of our independent auditors, Suplee, Clooney & Company is included in this report.

Financial Highlights

Total assets and deferred outflows of resources at year-end net of accumulated depreciation and amortization totaled \$85.8 million and exceeded the total liabilities which totaled \$42.8 million. Net position totals \$42.9 million versus \$40.6 million for the prior year. The increase from the prior year net position was the result of U.S. generally accepted accounting principles basis net income of \$2,339,070. Working capital balances are adequate to meet the operational needs of the Authority including small capital projects provided in the budget.

Actual revenues on a budgetary basis totaled \$16,711,961 which is \$97,854 or .06% less than the budget amount.

Actual expenditures on a budgetary basis totaled \$14,774,585 which is \$2,035,230 under budget. A significant portion of this saving came from lower than anticipated expenditure for ash hauling, electricity, fuel, maintenance and repairs, and operational improvements.

Contract 17-1 Pennington Wastewater Treatment Plant (WWTP) Upgrade and Expansion Project was awarded in June 2018. This project was closed out in December 2022. This project is funded in part from the 2012 (formerly 2004) bonds and unrestricted fund balance.

Contract 19-2 River Road WWTP UV Disinfection and Filtration Project was Bid in November 2020 and awarded in January 2021. It is expected that this contract will be completed in mid-2024. This project is funded by the New Jersey Infrastructure Bank (NJIB) Program.

The design of Contract 20-2, River Road Sludge Storage Hopper Feed Screw Replacement Project has been completed and the construction portion of the project remains on hold. It is anticipated that this project will be funded using unrestricted fund balance.

Hopewell WWTP Upgrade (Contract 22-4): The design of this project was awarded in January 2021 for the upgrade of the wastewater treatment plant to address aging facilities, redundancy, and to meet newly imposed NJDEP permit discharge limits. The design has been completed and It is expected that this project will be bid the end of 2023 or early 2024. The project will be funded through the NJIB.

The Small Capital Projects awarded/completed in 2022 included:

- Contract 22-1 Meter Station No. 6 Flume Replacement
- Contract 22-3 Emergency Repair of Nitrification Tank Aerator Structural Support

Our plan is to primarily fund small capital projects over the next three to four years with unrestricted fund balance, and large capital project funded by the NJIB. Some of the capital projects identified are the result of NJDEP mandates for phosphorous removal, new permit discharge limits, improvements due to condition associated with age, redundancy, and resiliency. Current projects include the improvements to the River Road WWTP filtration and disinfection system (Contract 19-2) and the upgrade/improvements to the Hopewell WWTP (Contract 22-4).

Overview of Annual Financial Report

MD&A serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's strategic plan, budget, bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes to Net Position; a Statement of Cash Flows; and Notes to the Financial Statements.

The Statement of Net Position presents the financial position of the Authority on a full accrual historical cost basis. This statement presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and the amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information includes the comparison of the budget to actual revenues and expenses, as well as the schedule of amounts refundable to or receivable from individual participants.

Summary of Organization and Business

The Authority is a public body corporate and politic of the State and was created pursuant to the Sewerage Authorities Act by ordinances passed during 1971 by the Borough and Township of Princeton, the Township of West Windsor, the Borough of Pennington, the Borough of Hopewell and the Township of Hopewell (individually a "Member", or collectively "Members"), all of which were municipal corporations of the State located in the County of Mercer. By ordinance adopted on May 4, 1976, the Township of South Brunswick in the County of Middlesex, was empowered to become a voting member of the Authority and subsequently became part of the Authority's statutory district. On January 1, 2013 the Township of Princeton and the Borough of Princeton consolidated into one municipality known as Princeton.

The Authority has broad powers under the Act, including among others, the following: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and rights of holders thereof under a bond resolution; to enter into contracts with municipalities for the treatment and disposal of sewage originating in such municipalities; to charge and collect Service Charges for the use of its facilities and to revise such Service Charges which the act requires to be such that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay punctually the principal of and interest on any bonds and to maintain reserves and sinking funds therefore as may be required by the terms of any contract with bondholders; and to make and enforce rules and regulations for the management of its business affairs.

The Authority is made up of one representative from each member municipality. Each representative is appointed by the Member municipality to a five-year term. Authority officers are elected by its Members for one-year terms on or after each February 1.

The River Road WWTP began operation in 1978 while the upstream treatment facilities became operational in 1984. Upon completion of the River Road WWTP, the Authority commenced operations and began diverting flows from existing facilities located in Princeton (formally Princeton Township) to the Authority's new facilities. The River Road WWTP utilizes a two-stage activated sludge process for the treatment of wastewater. The facilities for wastewater treatment consist of screening, girt removal tanks, two stages of aeration and clarification, filtration, and UV Disinfection. The River Road WWTP effluent discharges to the Millstone River and is in accordance with NJDEP approved plans and discharge permits.

The Hopewell and Pennington WWTPs are also known as the upstream facilities. The Pennington WWTP was recently upgraded/expanded to 0.445 million gallons per day (mgd). The Hopewell WWTP capacity remains at 0.300 mgd. Wastewater treatment at these facilities consist of influent screening, primary settling, aeration, secondary settling, filtration, chlorination/dichlorination (at the Hopewell WWTP) and UV Disinfection (at the Pennington WWTP) and post aeration. The Pennington WWTP also has a sludge gravity thickener and a chemical storage and feed system for phosphorus removal included as part of the plant upgrade.

The Hopewell and Pennington WWTPs discharge to the Beden Brook and the Stony Brook, respectively and are in accordance with NJDEP approved plans and discharge permits. Sludge from all three of the Authority wastewater treatment plants is incinerated at the River Road WWTP.

The Authority also owns several miles of interceptor sewers, three pumping stations and associated force mains. Each Municipality is responsible for the operation and maintenance of its own wastewater collection and distribution system.

The River Road WWTP currently provides service to Princeton, West Windsor Township, a portion of South Brunswick Township, and through South Brunswick, the western part of Plainsboro Township. (Plainsboro Township is neither a Participant nor a Member). The existing upstream facilities currently provide service to Hopewell Borough, Pennington Borough, and a limited portion of Hopewell Township through Pennington Borough. A member customer service contract has been executed between the Authority and Hopewell Township for an additional limited area within Hopewell Township served by the Authority's Hopewell WWTP.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

CONDENSED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF NET POSITION

	November 30,		Variance		2020
	2022	2021	Dollars	Percentage	
Assets and Deferred Outflows of Resources:					
Current Assets	\$ 20,934,685	\$ 16,602,176	\$ 4,332,509	26.10%	\$ 16,590,714
Property, Plant and Equipment - Net	63,062,485	55,844,167	7,218,318	12.93%	53,442,901
Deferred Outflows of Resources	1,791,938	1,204,262	587,676	48.80%	2,139,452
Total Assets and Deferred Outflows of Resources	\$ 85,789,108	\$ 73,650,605	\$ 12,138,503	16.48%	\$ 72,173,067
Liabilities and Deferred Inflows of Resources:					
Current Liabilities	\$ 4,669,314	\$ 4,192,423	\$ 476,891	11.38%	\$ 3,713,454
Non-Current Liabilities	36,568,073	24,612,871	11,955,202	48.57%	27,411,123
Deferred Inflows of Resources	1,600,162	4,232,822	(2,632,660)	-62.20%	3,799,469
Total Liabilities and Deferred Inflows of Resources	42,837,549	33,038,116	9,799,433	29.66%	34,924,046
Net Position:					
Restricted and Net Investment in Capital Assets	\$ 35,002,264	\$ 37,997,543	\$ (2,995,279)	-7.88%	\$ 35,414,361
Unrestricted	7,949,295	2,614,946	5,334,349	203.99%	1,834,660
Total Net Position	42,951,559	40,612,489	2,339,070	5.76%	37,249,021
Total Liabilities and Net Position	\$ 85,789,108	\$ 73,650,605	\$ 12,138,503	16.48%	\$ 72,173,067

CONDENSED STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	November 30,		Variance		2020
	2022	2021	Dollars	Percentage	
Operating Revenues:					
Service Charges	\$ 13,773,315	\$ 13,719,825	\$ 53,490	0.39%	\$ 13,450,825
Septage, Sludge and Special Waste	2,766,863	2,769,143	(2,280)	-0.08%	2,793,051
Other	21,747	56,089	(34,342)	-61.23%	12,304
Total Operating Revenues	\$ 16,561,925	\$ 16,545,057	\$ 16,868	0.10%	\$ 16,256,180
Operating Expenses:					
Operations and Maintenance	11,603,488	11,514,510	88,978	0.77%	11,401,233
Depreciation	3,497,678	2,466,919	1,030,759	41.78%	2,191,980
Total Operating Expenses	\$ 15,101,166	\$ 13,981,429	\$ 1,119,737	8.01%	\$ 13,593,213
Operating Income	1,460,759	2,563,628	(1,102,869)	-43.02%	2,662,967
Non-Operating Revenues/(Expenses)	878,311	799,840	78,471	9.81%	(270,896)
Change in Net Position	2,339,070	3,363,468	(1,024,398)	-30.46%	2,392,070
Net Position - Beginning of Year, as Previously Reported	\$ 40,612,489	\$ 37,249,021	\$ 3,363,468	9.03%	\$ 34,856,951
Net Position - Beginning of Year, as Restated	40,612,489	37,249,021	3,363,468	9.03%	34,856,951
Net Position - End of Year	\$ 42,951,559	\$ 40,612,489	\$ 2,339,070	5.76%	\$ 37,249,021



Financial Section

STONY BROOK REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF NET POSITION
NOVEMBER 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Unrestricted:		
Cash Held by the Authority	\$ 2,060,878	\$ 9,403,056
Cash Equivalents Held by:		
Authority	12,887,805	2,162,554
Trustee	2,786,118	2,947,724
Accounts Receivable	1,492,955	305,233
Prepaid Expenses	81,610	27,733
Total Unrestricted Current Assets	<u>\$ 19,309,366</u>	<u>\$ 14,846,300</u>
Restricted:		
Cash Equivalents - Held by Trustee	<u>\$ 1,625,319</u>	<u>\$ 1,755,876</u>
Total Restricted Current Assets	<u>\$ 1,625,319</u>	<u>\$ 1,755,876</u>
Total Current Assets	<u>\$ 20,934,685</u>	<u>\$ 16,602,176</u>
Unrestricted Assets - Long Term:		
Property, Plant and Equipment	\$ 167,664,949	\$ 156,948,953
Less: Accumulated Depreciation	104,602,464	101,104,786
Property, Plant and Equipment, Net	<u>63,062,485</u>	<u>55,844,167</u>
Deferred Outflows of Resources:		
Pension Related	<u>1,791,938</u>	<u>1,204,262</u>
TOTAL ASSETS	<u>\$ 85,789,108</u>	<u>\$ 73,650,605</u>

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

STONY BROOK REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF NET POSITION
NOVEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable and Accrued Expenses	2,835,040	2,380,356
Total Current Liabilities Payable From Unrestricted Assets	<u>2,835,040</u>	<u>2,380,356</u>
Current Liabilities Payable from Restricted Assets:		
Unearned Principal Forgiveness		23,945
Interest Payable	188,682	195,156
Contractor Hauler Deposits	18,606	18,606
Current Portion of Long-term Debt	1,626,986	1,574,360
Total Current Liabilities Payable From Restricted Assets	<u>1,834,274</u>	<u>1,812,067</u>
Total Current Liabilities	<u>4,669,314</u>	<u>4,192,423</u>
Noncurrent Liabilities:		
Accrued Compensated Absences	404,045	490,610
Post-Retirement Health Benefits Payable	486,056	294,155
Total Long-Term Debt, Net of Current Maturities	28,058,553	18,019,214
Net Pension Liability	7,619,419	5,808,892
Total Noncurrent Liabilities	<u>36,568,073</u>	<u>24,612,871</u>
TOTAL LIABILITIES	<u>41,237,387</u>	<u>28,805,294</u>
<u>NET POSITION</u>		
Deferred Inflows of Resources:		
Pension Related	1,600,162	4,232,822
Total Deferred Inflows of Resources	<u>1,600,162</u>	<u>4,232,822</u>
Net Position:		
Invested in Capital Assets, net of Related Liabilities	33,376,946	36,250,593
Restricted	1,625,318	1,746,950
Unrestricted	7,949,295	2,614,946
TOTAL NET POSITION	<u>42,951,559</u>	<u>40,612,489</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>85,789,108</u>	<u>73,650,605</u>

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

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Members' Service Charges	\$ 13,773,315	\$ 13,719,825
Septage, Sludge and Special Waste	2,766,863	2,769,143
Other	21,747	56,089
	<hr/>	<hr/>
Total Operating Revenues	\$ 16,561,925	\$ 16,545,057
	<hr/>	<hr/>
Operating Expenses Exclusive of Depreciation	\$ 11,603,488	\$ 11,514,510
	<hr/>	<hr/>
Operating Income Before Depreciation	\$ 4,958,437	\$ 5,030,547
	<hr/>	<hr/>
Depreciation	\$ 3,497,678	\$ 2,466,919
	<hr/>	<hr/>
Operating Income	\$ 1,460,759	\$ 2,563,628
	<hr/>	<hr/>
Non-Operating Revenues (Expenses):		
Interest Earned on Investments	150,036	4,195
Interest Expense - Debt Service	(481,737)	(494,090)
Amortization of Bond Premium	90,783	92,948
Principal Forgiveness Earned	46,945	22,000
Post-Retirement Health Benefits Expense	(244,649)	(35,109)
Pension Expense, Net	1,316,933	1,209,896
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	\$ 878,311	\$ 799,840
	<hr/>	<hr/>
Net Income (Loss)	\$ 2,339,070	\$ 3,363,468
	<hr/>	<hr/>
Net Position, Beginning of Year	\$ 40,612,489	\$ 37,249,021
	<hr/>	<hr/>
Net Position, End of Year	\$ 42,951,559	\$ 40,612,489
	<hr/>	<hr/>

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

STONY BROOK REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from Customers and Users	\$ 12,599,201	\$ 13,719,825
Receipts for Septage, Sludge and Special Waste	2,766,863	3,087,974
Other Operating Receipts	21,747	56,089
Payments to Suppliers	(6,265,774)	(5,746,908)
Payments to Employees	<u>(5,552,606)</u>	<u>(5,372,451)</u>
Net Cash Provided by Operating Activities	<u>\$ 3,569,431</u>	<u>\$ 5,744,529</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	\$ (10,346,402)	\$ (4,677,470)
Proceeds from the NJ Environmental Infrastructure Trust Loan Program	11,780,415	1,469,248
Principal Payments on Long-Term Debt	(1,574,360)	(1,535,422)
Interest Paid on Debt	<u>(488,211)</u>	<u>(509,539)</u>
Net Cash Used in Capital and Financing Activities	<u>\$ (628,558)</u>	<u>\$ (5,253,183)</u>
<u>Cash Flows from Investing Activities</u>		
Sale (Purchase) of Investments	\$ -	\$ -
Interest Received	<u>150,036</u>	<u>4,195</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 150,036</u>	<u>\$ 4,195</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 3,090,909	\$ 495,541
Cash and Cash Equivalents, Beginning of Year	<u>16,269,211</u>	<u>15,773,670</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,360,120</u>	<u>\$ 16,269,211</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>		
Operating Income	\$ 1,460,759	\$ 2,563,628
Depreciation	3,497,678	2,466,919
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,187,722)	318,831
Prepaid Expenses	(53,877)	165,247
Accounts Payable and Accrued Expenses	(60,842)	218,406
Accrued Compensated Absences	<u>(86,565)</u>	<u>11,498</u>
Net Cash Provided by Operating Activities	<u>\$ 3,569,431</u>	<u>\$ 5,744,529</u>

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

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(1) GENERAL

The Stony Brook Regional Sewerage Authority (Authority) was created to construct and operate a wastewater collection and treatment system to serve six municipalities in the Stony Brook watershed area of Mercer and Middlesex Counties, New Jersey. The Authority has entered into a service contract agreement with its member municipalities, obligating each participating municipality to the Authority for its proportionate share of the Authority's operating expenses, debt service and required reserve additions to the extent not met by other resources.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Authority's financial statements include the operations of the wastewater collection and wastewater treatment system for which the Board Members of the Authority exercise financial accountability. The Board members are appointed to five-year terms by their respective municipalities. The Authority is not a component unit of any entity. The Authority is considered a joint venture of the participating governments. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates market. The Authority considers investments with maturities of three months or less to be cash equivalents.

Investments

Investments are stated at fair value

Revenue

Revenue is derived from member service charges established to provide sufficient funds to cover operating expenses and debt service. Charges are based on member's sewerage flow into the system. Revenue is recognized when billed.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included in the Statements of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into invested in capital assets, restricted and unrestricted components.

Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of wastewater treatment services. Non-operating revenues mainly consist of investment income and miscellaneous income. Non-operating expenses mainly consist of debt service interest and debt-related fees.

Accounting and Financial Reporting for Pensions

The Government Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate the unfunded net pension liability of the Public Employees Retirement System (PERS) of the participating employers as of November 30, 2022. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

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.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

Under GAAP, Authorities are required to recognize the pension liability in the Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Liabilities area of the balance sheet.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. Currently, the Authority has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Authority has one item that qualifies for reporting in this category, deferred amounts related to pensions.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

In accordance with the Bond Resolution and supplemental resolutions, the Authority has established various cash and investment accounts with a trustee. In addition, the Bond Resolution provides for certain restrictions on the use of funds in these accounts.

<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>USE FOR WHICH RESTRICTED</u>
Revenue	All revenue except grants-in-aid and interest on investments.	Authorized operating expenses and, as of the first day of each month, transfers to the various accounts described below.
Bond Service	Amount needed to pay matured principal and interest plus principal and interest due on or before the following December 1 st .	Principal and interest on the bonds.
Bond Reserve	Amount needed to equal the greatest amount of debt service due in any fiscal year.	Transfers to meet minimum levels required in the bond service or sinking accounts. Any excess may be transferred into the renewal and replacement account.
Renewal & Replacement	Amount needed to increase the balance to equal the renewal and replacement reserve requirement as defined by the resolutions.	Transfers to meet minimum levels required in the bond service, sinking or bond reserve accounts or major repairs, renewals, and extensions of the system.
General	Any amount determined by the Authority after meeting requirements of the bond service fund, the sinking fund, the bond reserve fund and the renewal and replacement fund.	Transfers to meet minimum levels required in the bond service, bond reserve, sinking fund or renewal and replacement accounts; if all accounts meet minimum requirements, then for any lawful purpose.
Construction	Proceeds from bonds and grants-in-aid for construction projects.	Construction costs.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets (Continued)

In accordance with the terms of the bond resolutions, cash and investments of the bond service, bond reserve, renewal and replacement, and construction accounts are classified as restricted assets.

Accounts Receivable

The Authority's billing practices for service charges include billing its members quarterly based on the amount of flow received by the Authority in the previous 5 years. The service charge includes a base charge for each member adjusted by the projected debt service. An annual billing adjustment between participants is made in the first quarter of the following year based on actual flow from the previous year. Septage, sludge and leachate are billed monthly based upon usage. The Authority considers all accounts receivable to be fully collectible; no allowance for doubtful accounts is required.

Interest Income on Construction Account Investments

Interest income on deposits in the construction account is classified as a non-operating revenue and the related accrued interest receivable as a restricted asset, as the use of this income has been designated by resolution of the Authority to pay future construction costs.

Inventory

Inventory of supplies, estimated to be immaterial at year end, are recorded as an expense when purchased and accordingly, is not included in the financial statements.

Unamortized Bond Premium

Deferred bond premiums are being amortized over the life of the bond issue based on the effective interest method and are included in Bonds Payable, net of current maturities on the Statements of Net Position.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Authority provides compensated absences benefits to its employees. As of November 30, 2022 and 2021, the vested amounts were \$404,045 and \$490,610, respectively.

Income Taxes

No provision for income taxes has been made as the Authority is exempt from Federal and State income taxes.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Equity is classified as Net Position and displayed in three components:

- 1) Invested in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.
- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "invested in capital assets."

Property, Plant and Equipment

Property, plant and equipment is stated at cost which includes direct construction costs, other expenditures related to construction and net interest expense on tax-exempt borrowings obtained to finance construction projects. Assets with a cost of more than \$5,000 are capitalized.

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

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

Treatment Plant	25 – 40 years
Pumping Station	15 – 40 years
Collection System	40 years
Furniture and Equipment	5 – 15 years
Vehicles	5 years

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Details of property, plant and equipment as of November 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 911,690	\$ 911,690
Treatment Plant	114,289,057	104,302,830
Pumping Stations	10,453,799	10,453,799
Collection System	11,150,036	11,150,036
Furniture and Equipment	7,027,145	7,027,145
Automotive	870,507	870,507
Construction in Progress	22,962,715	22,232,946
	<hr/>	<hr/>
	\$167,664,949	\$156,948,953
Less: Accumulated Depreciation	104,602,464	101,104,786
	<hr/>	<hr/>
Net Property, Plant and Equipment	\$ 63,062,485	\$ 55,844,167

(3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director (Director) for approval prior to its adoption.

The budget must comply with the terms and provisions of loan agreements and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(4) CASH, CASH EQUIVALENTS AND INVESTMENTS

The components of cash and cash equivalents as of November 30 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted Cash and Cash Equivalents	\$17,734,801	\$14,513,336
Restricted Cash and Cash Equivalents	\$1,625,319	\$1,755,875

Cash on deposit is partially insured by the Federal Deposit Insurance Corporation in the amount of \$250,000 in each bank depository. Balances above the federal depository insurance amount are insured by the State of New Jersey Governmental Unit Deposit Protection Act (NJGUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of November 30, 2022, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk.

New Jersey Cash Management Fund

All investments in the New Jersey Cash Management Fund ("Fund") are governed by the regulations of the Investment Council which prescribes standards designed to insure the quality of investments and to minimize the risks related to investments. To date, the Fund has never defaulted on principal or interest on any short-term security held by its participants. Further, a reserve is being accumulated as additional protection for other than State participants. Finally, the Authority monitors eligible securities on a regular basis. As of November 30, 2022 and 2021, the Authority had \$2,187,920 and \$2,162,544, respectively, on deposit with the New Jersey Cash Management Fund.

(5) ACCOUNTS RECEIVABLE

Accounts Receivable at November 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Participants	\$1,174,114	\$ --
Septage, Sludge and Other	318,841	305,233
	<u>\$1,492,955</u>	<u>\$ 624,064</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(6) PROPERTY, PLANT & EQUIPMENT

Property, Plant and Equipment is summarized as follows:

	<u>Balance</u> <u>Nov 30, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Nov 30, 2022</u>
Land	\$ 911,690			\$ 911,690
Treatment Plant	104,302,830	\$ 9,986,227		114,289,057
Pumping Stations	10,453,799			10,453,799
Collection System	11,150,036			11,150,036
Furniture & Equipment	7,027,145			7,027,145
Automotive	870,507			870,507
Construction in Progress	<u>22,232,946</u>	<u>729,769</u>	<u> </u>	<u>22,962,715</u>
	\$156,948,953	\$10,715,996	-	\$167,664,949
Less: Accumulated Depreciation	<u>101,104,786</u>	<u>3,497,678</u>	<u> </u>	<u>104,602,464</u>
Net Property, Plant & Equipment	<u>\$ 55,844,167</u>	<u>\$ 7,218,318</u>	<u>\$ -</u>	<u>\$ 63,062,485</u>

Construction in Progress consists of several projects in process which are largely funded through the New Jersey Environmental Trust Financing Program.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(7) LONG-TERM DEBT

A summary of long-term debt is as follows:

	<u>2022</u>	<u>2021</u>
2012 Revenue Refunding Bonds	\$ 5,145,000	\$ 5,470,000
2007 NJEIT Financing	1,474,880	1,778,627
2009 NJEIT/ARRA Financing	654,875	740,000
2010 NJEIT Financing	2,895,089	3,402,521
2015 NJEIT Financing	2,381,509	2,567,068
2020 NJEIT Financing	3,132,449	3,299,946
2021 NJEIT Financing / Interim	<u>13,249,663</u>	<u>1,469,248</u>
Total Debt	28,933,465	18,727,410
Less Current Maturities	(1,626,986)	(1,574,360)
Unamortized Bond Premiums	301,831	352,010
Unamortized Principal Savings Credits	<u>450,243</u>	<u>513,847</u>
Long Term Debt	<u>\$ 28,058,553</u>	<u>\$ 18,019,214</u>

Changes in bonds payable are as follows:

Bonds Payable beginning of year	\$ 18,727,410	\$ 18,793,584
Bonds Issued	11,780,415	1,469,248
Scheduled Repayments	(1,574,360)	(1,535,422)
Non-Cash Project Adjustments	=	--
Bonds Payable end of year	<u>\$ 28,933,465</u>	<u>\$ 18,727,410</u>

Principal payment requirements for the next five years are as follows:

2023	1,626,986
2024	1,670,191
2025	1,705,688
2026	1,535,829
2027	1,446,181

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(7) LONG-TERM DEBT (CONTINUED)

2004 Revenue Bonds

In 2004 the Authority issued \$8,865,000 of Revenue Bonds for the purpose of funding various projects and plant improvements. A portion, \$6,695,000, of these outstanding bonds were refunded at a lower rate on August 9, 2012. See note on the 2012 Refunding Bonds.

2012 Revenue Refunding Bonds

On August 2, 2012, the Authority issued \$7,000,000 in Revenue Refunding Bonds with an average interest rate of 3.03 percent to advance refund \$6,695,000 of outstanding 2004 Series Revenue Bonds with an average interest rate of 4.84 percent. The gross debt service savings totaled \$503,412 after payment of all issuance costs. On a present value basis, the debt service savings was \$317,965 or 4.75 percent of the refunded bonds.

New Jersey Environmental Infrastructure Trust Loans (NJEIT)

2007 NJEIT Trust Fund Loan

In 2007, the Authority participated in the NJEIT Financing Program in the amount of \$5,515,000 to finance energy efficiencies to the sludge incineration facilities. This financing is comprised of a Trust Loan in the amount of \$2,865,000 which bears interest from 3.4% to 5.0% and a Fund Loan in the amount of \$2,650,000 which bears no interest.

2009 NJEIT Trust Fund Loan

In 2009, the Authority participated in the NJEIT Financing Program in the amount of \$3,310,373 to finance the replacement of eight mechanical surface aerators located in the existing nitrification tanks. In addition, the project included replacement of the polymer and caustic chemical storage and feed systems for sludge processing and various appurtenance work.

This financing comprised of a Trust Loan in the amount of \$825,000 which bears interest from 2.0% to 5.0%, a Fund Loan in the amount of \$828,458 which bears no interest, and the American Recovery and Reinvestment Act (ARRA) which provides for principal forgiveness in the amount of \$1,656,915. The principal forgiveness portion is being recognized as revenue as the funds are expended and reimbursed.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust Loans (Continued)

2010 NJEIT Trust Fund Loan

In 2010, the Authority participated in the NJEIT Financing Program in the amount of \$12,917,500 to finance the Headworks project. The project includes the construction of four new grit chambers and the installation of influent screens.

This financing is comprised a Trust Loan in the amount of \$6,220,000 (net of bond premium) which bears interest at 5.0%; a Fund Loan in the amount of \$4,107,500 which bears no interest; and principal forgiveness of \$2,500,000. The Fund Loan principal amortization reflects the principal forgiveness on a pro-rata basis over the life of the loan. On July 18, 2014, \$810,000 of these bonds were defeased by the Trust. This includes \$320,000 of year 2029 bonds and \$490,000 of year 2030 bonds.

2015 NJEIT Trust Fund Loan

In 2015, the Authority participated in the NJEIT Financing Program in the amount of \$3,650,628 to finance the Emergency Generator project. This project includes the installation of a natural gas emergency generator at the River Road Wastewater Treatment plant and the replacement of existing turbine emergency generators with new diesel emergency generators at both the Millstone and South Brunswick Pump Stations.

This financing is comprised of a Trust Loan in the amount of \$1,075,000 (net of bond premium) which bears interest from 4.0% to 5.0%; a Fund Loan in the amount of \$2,575,628 which bears no interest; and principal forgiveness in the amount of \$873,874. The Fund Loan principal amortization reflects the principal forgiveness on a pro-rata basis over the life of the loan.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust Loans (Continued)

2020 NJEIT Trust Fund Loan

In 2020, the Authority participated in the NJEIT Financing Program in the amount of \$3,559,101 to finance the improvements to the Authority's Sludge Pumps. This financing is comprised of a Trust Loan in the amount of \$855,000 (net of bond premium) which bears interest from 4.0% to 5.0%; a Fund Loan in the amount of \$2,704,101 which bears no interest. The Fund Loan principal amortization is on a pro-rata basis over the life of the loan.

2021 NJEIT Trust Fund Loan Interim

In 2021, for purposes of temporary/interim financing during construction, the Authority issued a low-interest-bearing note to the NJIB in the amounts of \$19,210,000 which are due on June 30, 2024. This note represents funding for improvements to the Authority's treatment system. Proceeds of the note are held by the NJIB for the benefit of the Authority upon submission of approved construction cost requisitions. The Authority expects to permanently finance this note prior to maturity through the NJIB financing program. Each bond is expected to be amortized on a level debt service basis for a period of not less than twenty years and not more than thirty years.

(8) RISK MANAGEMENT

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund ("Fund"). The Fund was created on September 15, 1991, in accordance with P.L. 1983, C.372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes." The Fund is both an insured and self-administered group of utility authorities established for the purpose of providing low cost insurance coverage and safety programs for the member utility authorities in order to keep insurance premiums, claims and administrative costs at a minimum.

The following coverages are offered by the Fund to its members:

- a. Worker's Compensation and Employer's Liability
- b. Liability other than Motor Vehicles
- c. Property Damage other than Motor Vehicles
- d. Motor Vehicle
- e. Environmental Liability
- f. Public Officials and Employment Practices Liability

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(8) RISK MANAGEMENT (CONTINUED)

The Joint Insurance Fund is also a member of The Municipal Excess Liability Joint Insurance Fund which provides excess insurance for worker's compensation and employer's liability.

A participating utility authority must remain in the Fund for the full term of membership unless earlier terminated by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for non-payment of assessments or continued non-compliance after written notice to comply with the by-laws or other obligations. Termination may occur only after proper notice has been given, in accordance with the Fund's by-laws.

(9) AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the bond resolutions as of November 30, 2022:

	<u>Amount Required</u>	<u>Balance On Hand</u>	<u>Excess or (Deficiency)</u>
Bond Service Account	\$442,900	\$ 446,781	\$ 3,881
Bond Reserve Account	541,400	541,400	--
Renewal and Replacement Account	600,000	636,027	36,027

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(10) NET POSITION

The components of net position are as follows:

	<u>November 30</u>	
	<u>2022</u>	<u>2021</u>
Net Position:		
Invested in Capital Assets, net of related liabilities	\$ 33,827,188	\$ 36,250,593
Restricted:		
Bond Service	446,782	434,700
Bond Reserve	541,400	543,800
Renewal and Replacement Capital Projects	636,027	600,000
Capital Projects	1,110	168,750
Total Restricted	<u>\$ 1,625,319</u>	<u>\$ 1,745,850</u>
Unrestricted:		
Designated for Emergencies	\$ 1,323,983	\$ 1,316,323
Designated for Capital Projects	1,733,000	2,239,500
Designated for OPEB	(486,056)	(294,155)
Undesignated	12,806,011	7,694,092
Net Pension Liability	(7,427,643)	(8,929,124)
Total Unrestricted	<u>\$ 7,949,295</u>	<u>\$ 2,614,946</u>
Total Net Position	<u>\$ 42,951,559</u>	<u>\$ 40,612,489</u>

(11) DEFERRED COMPENSATION PLAN

The Authority offers its employees a Deferred Compensation Plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan is available to all eligible employees. The Plan permits employees to defer a portion of their salary before federal income tax. The deferred compensation is available to employees or their beneficiaries upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights, have been removed from the records and accounts of the Authority as they are not the property or rights of the Authority.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(12) PENSION PLAN

All full-time employees of the Authority are required to be covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or online at www.state.nj.us/treasury/pensions.

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials and part-time employees, effective July 1, 2007. Part-time employees that earn an annual salary of at least \$5,000 and work less than 35 hours per week are eligible to enroll in the New Jersey Defined Contribution Plan (DCRP). The DCRP is offered through the Prudential Retirement Insurance and Annuity Company. Employees contribute 5.5% of salary and the Authority contributes 3% of salary, for a total contribution of 8.5%. Membership is mandatory for such individuals with vesting occurring after one year of membership. The Authority has no employees enrolled in the DCRP.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the PERS system.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(12) PENSION PLAN (CONTINUED)

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS was changed. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30-year period and paid in level dollars.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 7.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for PERS.

Employers are required to contribute at an actuarially determined rate for PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(12) PENSION PLAN (CONTINUED)

Contribution Requirements (Continued):

Three Year Trend Information for PERS

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2022	574,253	100%	\$ 574,253
2021	562,649	100%	562,649
2020	451,413	100%	451,413

DCRP Contributions

The Authority did not make DCRP contributions for the years ended November 30, 2022 and 2021.

(13) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) of the participating local units as of December 31, 2022. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Public Employees Retirement System (PERS)

At June 30, 2022, the State reported a net pension liability of \$7,619,419.00 for the Authority’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Authority’s proportion was 0.0504885610 percent, which was an increase of 0.0014538890 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of \$373,953.00 for the Authority’s proportionate share of the total pension expense. The pension expense recognized in the Authority’s financial statements based on the April 1, 2022 billing was \$574,253.00.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(13) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 54,993.00	\$ 48,496.00
Changes of assumptions	23,607.00	1,140,929.00
Net difference between projected and actual earnings on pension plan investments	315,361.00	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>761,292.00</u>	<u>410,737.00</u>
	<u>\$ 1,791,938.00</u>	<u>\$ 1,600,162.00</u>

Other local amounts reported by the State as the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	(\$583,475.00)
2024	(262,869.00)
2025	(92,277.00)
2026	424,380.00
2027	<u>69,332.00</u>
	<u>(\$444,909.00)</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(13) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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.

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

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(13) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Long-Term Rate of Return

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

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

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(13) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Discount Rate

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

Sensitivity of the Authority's proportionate share of net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$9,788,721.00	\$7,619,419.00	\$5,773,255.00

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(13) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Authority under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Authority does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Authority related to this legislation.

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Authority as of December 31, 2022 was 0.0506902708%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2022 was \$16,032.00.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at 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>.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(14) RETIREE HEALTH BENEFIT COVERAGE

In 2013, the Authority adopted a single-employer defined benefit healthcare plan ("Plan"). In order to be eligible to receive retirement benefits under the Plan, the following conditions must be met:

- A. Retire with 25 or more years of service with the Authority for pension purposes.
- B. Retiree must be 55 years of age or older at the time of retirement

Retiree health benefits terminate when the retired employee is eligible for Medicare or dies. The maximum contribution by the Authority for retiree health benefits is \$7,000 per year, which serves as a reimbursement for insurance purchased by the retiree directly. As a result of implementing GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans (OPEB), the Authority had hired an independent financial firm to calculate their 2022 annual OPEB costs and unfunded accrued liability as required by GASB Statement 75. Calculation is required at least every three years for OPEB with fewer than two hundred total plan members

Annual OPEB Cost and Net OPEB Obligation – the Authority's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC). The Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation to the Plan:

	<u>2022</u>	<u>2021</u>
Annual Required Contribution	\$ 209,539	\$ 35,109
Payments to Retirees	<u>(17,638)</u>	<u>(7,000)</u>
Net other post-employment benefit obligation	191,901	28,109
Net other post-employment benefit, beginning of year	<u>294,155</u>	<u>305,710</u>
Net other post-employment benefit, end of year	<u>\$486,056</u>	<u>\$294,155</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(14) RETIREE HEALTH BENEFIT COVERAGE (CONTINUED)

Methods and Assumptions:

- The only postemployment benefit offered by the SBRSA other than pensions is Retiree Health Benefit Coverage.
- All employees who meet the Retiree Health Benefit Coverage requirements will receive an annual payment of \$7,000 per year until the Employee is eligible for Medicare.
- Medicare eligibility begins at age 65.
- All employees will remain employed with SBRSA until they turn 55 years of age and complete 25 years of service.
- Annual earnings on funds deposited into an OPEB account would earn 4% per year (the average of the 20-year Treasury over the last 15 years).
- All eligible employees would receive the maximum Retiree Health Benefit Coverage.
- Employees are not covered by any other insurance.

The Authority had an actuarial valuation performed during the fiscal year ended November 30, 2022. In accordance with State requirements, the Authority will need to update their other post-employment benefit obligation every year. The authority currently has three retired employees receiving retirement benefits. The net OPEB obligation of the Authority to provide benefits to retirees for the years ended November 30, 2022 and 2021 \$191,901 and \$35,109, respectively. The Authority has funds set aside in unrestricted net position equal to the OPEB obligation.

(15) COMMITMENTS AND CONTINGENCIES

Commitments

The Authority has committed design and construction contracts outstanding at November 30 as follows:

	<u>2022</u>
Construction	1,000,000
Engineering	261,756
	<u>\$ 1,261,756</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2022 AND 2021

(16) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At November 30, 2022, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

(17) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through August 31, 2023, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.



Supplementary Information

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF CHANGES IN UNRESTRICTED CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED NOVEMBER 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

	Held by Authority	Held by Trustee		2022 Totals	Memo 2021 Totals
	Operating Accounts	Revenue Account	General Account		
Sources:					
Members' Service Charges	\$ 12,599,201	\$ -	\$ -	\$ 12,599,201	\$ 13,719,825
Interest on Investments	117,225	1,594	19,217	138,036	4,113
Septage, Sludge and Special Waste	2,766,863	-	-	2,766,863	2,769,143
I-Bank Short Term Loan	11,780,415	-	-	11,780,415	-
Miscellaneous Receipts	9,276	12,471	-	21,747	56,089
Transfer within Unrestricted Accounts	(212,164)	1,747,107	-	1,534,943	22,353
Transfers from/(to) Restricted Accounts	-	154,346	-	154,346	-
	<u>\$ 27,060,816</u>	<u>\$ 1,915,518</u>	<u>\$ 19,217</u>	<u>\$ 28,995,551</u>	<u>\$ 16,571,523</u>
Uses:					
Operations/Capital Expenditures	\$ 23,677,743	\$ -	\$ -	\$ 23,677,743	\$ 13,953,579
Transfers to Restricted Accounts	-	1,755,399	340,944	2,096,343	2,102,697
	<u>\$ 23,677,743</u>	<u>\$ 1,755,399</u>	<u>\$ 340,944</u>	<u>\$ 25,774,086</u>	<u>\$ 16,056,276</u>
Increase (Decrease)	\$ 3,383,073	\$ 160,119	\$ (321,727)	\$ 3,221,465	\$ 515,248
Balance, Beginning of Year	<u>11,565,610</u>	<u>464,593</u>	<u>2,483,133</u>	<u>14,513,336</u>	<u>13,998,088</u>
Balance, End of Year	<u>\$ 14,948,683</u>	<u>\$ 624,712</u>	<u>\$ 2,161,406</u>	<u>\$ 17,734,801</u>	<u>\$ 14,513,336</u>
Balance Comprised of:					
Cash	\$ 2,060,878	\$ -	\$ -	\$ 2,060,878	\$ 9,403,056
Cash Equivalents	12,887,805	624,712	2,161,406	15,673,923	5,110,280
Total	<u>\$ 14,948,683</u>	<u>\$ 624,712</u>	<u>\$ 2,161,406</u>	<u>\$ 17,734,801</u>	<u>\$ 14,513,336</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CHANGES IN RESTRICTED CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED NOVEMBER 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	Held by Trustee					
	Debt Service Account				2022	2021
	Bond Service Account	Bond Reserve Account	Replacement Account	Construction Accounts	Total	Total
Sources:						
Interest Received on Investments Credited to Income	\$ 3,284	\$ 4,039	\$ 4,667	\$ 10	\$ 12,000	\$ 82
Transfers Within Restricted Transfers from Unrestricted	2,091,341	5,000	-	-	2,096,341	2,089,094
NJEIT Trust Loan	-	-	-	-	-	-
NJDEP Fund Loan	-	-	-	-	-	-
Principal Forgiveness	-	-	-	-	-	-
	<u>\$ 2,094,625</u>	<u>\$ 9,039</u>	<u>\$ 4,667</u>	<u>\$ 10</u>	<u>\$ 2,108,341</u>	<u>\$ 2,089,176</u>
Uses:						
Payment of Bond Interest Charged to Expenses	\$ 473,544	\$ -	\$ -	\$ -	\$ 473,544	\$ 626,952
Payment of Bond Principal	1,574,360	-	-	-	1,574,360	1,417,922
Payment of Trustee Fees	36,653	-	-	-	36,653	35,520
Transfer to Unrestricted Accounts	-	9,035	-	1	9,036	28,489
	<u>\$ 2,084,557</u>	<u>\$ 9,035</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2,093,593</u>	<u>\$ 2,108,883</u>
Increase (Decrease)	\$ 10,068	\$ 4	\$ 4,667	\$ 9	\$ 14,748	\$ (19,707)
Balance, Beginning of Year	436,714	541,396	631,360	1,101	1,610,571	1,775,582
Balance, End of Year	<u>\$ 446,782</u>	<u>\$ 541,400</u>	<u>\$ 636,027</u>	<u>\$ 1,110</u>	<u>\$ 1,625,319</u>	<u>\$ 1,755,875</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF OPERATING REVENUES AND
COSTS FUNDED BY OPERATING REVENUES
FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021

	2022		2021	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Operating Revenues:				
Members Charges:				
Gross	\$ 13,773,315	\$ 13,773,315	\$ 13,719,825	\$ 13,719,825
Net Member Charges	13,773,315	13,773,315	13,719,825	13,719,825
Septage, Sludge and Special Waste	2,511,500	2,766,863	2,499,000	2,769,143
Interest Income	35,000	150,036	50,000	4,195
Other	40,000	21,747	25,000	56,089
Retained Earnings	450,000	-	-	-
	<u>\$ 16,809,815</u>	<u>\$ 16,711,961</u>	<u>\$ 16,293,825</u>	<u>\$ 16,549,252</u>
Costs Funded by Operating Revenues:				
Salaries and Wages:				
Administrative	527,303	526,227	524,556	501,104
Operation and Maintenance	3,844,643	3,455,488	3,685,709	3,564,964
Benefits	1,637,877	1,484,326	1,612,302	1,606,384
	<u>\$ 6,009,823</u>	<u>\$ 5,466,041</u>	<u>\$ 5,822,567</u>	<u>\$ 5,672,452</u>
Administrative Expenses:				
Insurance	342,500	360,129	340,000	335,368
Seminars	-	-	-	-
Meetings and Travel	8,241	3,392	11,689	1,102
Telephone	39,070	45,870	51,384	60,166
Computer Payroll Service	20,271	24,196	20,180	19,212
Office Supplies	20,485	19,900	21,035	11,871
Data Processing Supplies	12,000	9,205	10,000	10,496
Service Contracts	329,086	278,717	250,708	237,766
Dues	17,832	18,821	18,970	16,579
Magazines, Books, Etc.	4,595	1,436	5,100	1,461
Postage	4,800	2,317	5,400	2,272
Advertising and Printing	4,090	2,641	4,118	2,508
Rental and Easements	14,300	13,762	20,160	14,339
Regulatory Fees and Permits	61,849	44,553	64,332	50,846
Miscellaneous	5,744	6,574	6,194	11,010
	<u>\$ 884,863</u>	<u>\$ 831,513</u>	<u>\$ 829,270</u>	<u>\$ 774,996</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY
SCHEDULE OF OPERATING REVENUES AND
COSTS FUNDED BY OPERATING REVENUES
FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021

	2022		2021	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Operating and Maintenance Expenses:				
Fuel Oil and Natural Gas	\$ 718,000	\$ 675,404	\$ 717,008	\$ 577,932
Water	60,000	57,182	52,779	57,716
Electricity	1,500,000	1,419,053	1,487,279	1,342,512
Operating Chemicals	930,149	801,695	864,664	785,379
Maintenance Tools and Supplies	173,900	50,220	168,435	51,916
Janitorial Supplies	17,500	12,361	15,000	16,460
Laboratory Chemicals and Supplies	19,068	13,149	20,273	15,350
Uniforms	13,309	15,919	12,858	13,256
Training	63,401	26,035	54,815	25,729
Safety Equipment	65,183	27,684	59,048	30,889
Outside Lab Testing	40,428	28,072	32,865	24,500
Vehicle Purchase	-	-	-	-
Ash and Sludge Hauling	468,080	351,122	449,179	355,711
Maintenance and Repairs	467,100	376,893	490,245	266,591
Operating Supplies	104,460	81,416	102,444	100,354
Buildings and Grounds	169,400	200,388	173,600	153,377
Spare Parts	718,800	718,005	647,650	658,120
Hazardous Waste Disposal	6,550	-	6,300	313
Medical Testing	5,865	7,375	5,865	2,765
Contingency for Fines	450,000	2,500	20,000	-
Minor Operational Improvements	244,528	139,445	272,728	95,069
	<u>\$ 6,235,721</u>	<u>\$ 5,003,918</u>	<u>\$ 5,653,035</u>	<u>\$ 4,573,939</u>
Vehicle Maintenance:				
Gas, Oil and Tires	22,000	20,262	21,275	15,220
Parts and Service	32,000	23,049	31,600	23,995
Vehicle Registration	2,800	2,633	2,800	2,119
	<u>\$ 56,800</u>	<u>\$ 45,944</u>	<u>\$ 55,675</u>	<u>\$ 41,334</u>
Professional Services:				
Legal and Audit	115,500	108,875	104,735	116,255
Trustee Services	38,271	41,570	38,271	40,770
Consultants - Other	316,000	105,627	323,000	294,764
	<u>\$ 469,771</u>	<u>\$ 256,072</u>	<u>\$ 466,006</u>	<u>\$ 451,789</u>
Total Operating Expenses	<u>\$ 13,656,978</u>	<u>\$ 11,603,488</u>	<u>\$ 12,826,553</u>	<u>\$ 11,514,510</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF OPERATING REVENUES AND
COSTS FUNDED BY OPERATING REVENUES
FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021**

	2022		2021	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Capital Purchase Fund Contribution Equipment Recorded as Property, Plant and Equipment	\$ 1,100,000	\$ 1,100,000	\$ 1,418,000	\$ 1,418,000
	-	-	-	-
	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,418,000</u>	<u>\$ 1,418,000</u>
Total Operating Expenses	14,756,978	12,703,488	14,244,553	12,932,510
Debt Service Funded by Members	<u>\$ 2,052,837</u>	<u>\$ 2,071,097</u>	<u>\$ 2,049,272</u>	<u>\$ 2,048,662</u>
Costs Funded by Operating Revenues	<u>\$ 16,809,815</u>	<u>\$ 14,774,585</u>	<u>\$ 16,293,825</u>	<u>\$ 14,981,172</u>
Excess of Revenues over Expenditures		<u>\$ 1,937,376</u>		<u>\$ 1,568,080</u>
RECONCILIATION OF BUDGETARY BASIS TO NET INCOME				
Budgetary Revenues over Expenses		\$ 1,937,376		\$ 1,568,080
Adjustments to Budgetary Basis:				
Depreciation		(3,497,678)		(2,466,919)
Debt Service Funded by Participants		2,071,097		2,048,662
Interest Expense		(481,737)		(494,090)
Capital Purchase Fund Contribution		1,100,000		1,418,000
Amortization of Bond Premium		90,783		92,948
Principal Forgiveness		46,945		22,000
Post Retirement Health Benefits Payable		(244,649)		(35,109)
Pension Expense, Net		1,316,933		1,209,896
Total Adjustments		<u>\$ 401,694</u>		<u>\$ 1,795,388</u>
Net Income GAAP Basis		<u>\$ 2,339,070</u>		<u>\$ 3,363,468</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF AMOUNTS REFUNDABLE TO OR RECEIVABLE FROM INDIVIDUAL MEMBERS FOR THE YEAR ENDED NOVEMBER 30, 2022

	PRINCETON	SOUTH BRUNSWICK TOWNSHIP	WEST WINDSOR TOWNSHIP	HOPEWELL BOROUGH	PENNINGTON BOROUGH	TOTAL
ACTUAL						
Operating Expenses	\$ 3,813,056	\$ 4,541,049	\$ 2,712,706	\$ 201,295	\$ 335,380	\$ 11,603,488
Capital Purchase Fund Contribution	361,474	430,487	257,162	19,083	31,794	1,100,000
Revenues - Septage, Sludge and Special Waste	(909,227)	(1,082,818)	(646,847)	(47,999)	(79,972)	(2,766,863)
Interest	(49,304)	(58,717)	(35,076)	(2,603)	(4,337)	(150,036)
Misc Revenue	(7,146)	(8,511)	(5,084)	(377)	(629)	(21,747)
Budget Balance to Retained Earnings	636,647	758,196	452,927	33,609	55,997	1,937,376
Debt Service Apportioned to Members	680,589	810,528	484,189	35,929	59,862	2,071,097
Total Base Charges (Dollar Amount)	\$ 4,526,089	\$ 5,390,216	\$ 3,219,977	\$ 238,937	\$ 398,096	\$ 13,773,315
Gallons Treated (Actual)	1,219,098,154	1,390,063,648	829,399,111	62,387,011	102,396,940	3,603,344,864
Total Base Charges (Percentage)	32.86%	39.14%	23.38%	1.73%	2.89%	100.00%
Debt Service Adjustment - Increase (Decrease)	(274,227)	175,729	80,423	2,695	15,380	-
Net Member Charges - Actual	\$ 4,251,862	\$ 5,565,945	\$ 3,300,400	\$ 241,632	\$ 413,476	\$ 13,773,315
BUDGET						
Operating Expenses	\$ 4,532,386	\$ 5,349,332	\$ 3,158,464	\$ 235,732	\$ 381,064	\$ 13,656,978
Capital Purchase Fund Contribution	365,061	430,861	254,398	18,987	30,693	1,100,000
Revenues - Septage Sludge and Special Waste	(833,500)	(983,735)	(580,837)	(43,351)	(70,077)	(2,511,500)
Interest	(11,616)	(13,709)	(8,094)	(604)	(977)	(35,000)
Misc Revenue	(13,275)	(15,668)	(9,251)	(690)	(1,116)	(40,000)
Budget Balance from Retained Earnings	(149,343)	(176,261)	(104,072)	(7,767)	(12,556)	(450,000)
Debt Service	681,282	804,080	474,762	35,434	57,279	2,052,837
Total Base Charges (Dollar Amount)	\$ 4,570,996	\$ 5,394,900	\$ 3,185,370	\$ 237,740	\$ 384,310	\$ 13,773,315
Gallons Treated (Budget)	1,221,432,989	1,441,591,653	851,174,600	63,527,400	102,693,017	3,680,419,659
Total Base Charges (Percentage)	33.19%	39.17%	23.13%	1.73%	2.79%	100.00%
Debt Service Adjustment - Increase (Decrease)	(274,227)	175,729	80,423	2,695	15,380	-
Net Member Charges - Budget / Paid	\$ 4,296,768	\$ 5,570,629	\$ 3,265,793	\$ 240,435	\$ 399,690	\$ 13,773,315
Due (to) from Members at November 30, 2022	\$ (44,906)	\$ (4,684)	\$ 34,607	\$ 1,197	\$ 13,786	\$ -
Allocation:						
Operation	\$ (44,213)	\$ (11,132)	\$ 25,180	\$ 702	\$ 11,204	\$ (18,260)
Debt Service	(693)	6,448	9,427	495	2,582	18,260
Amount Due (Refund)	\$ (44,906)	\$ (4,684)	\$ 34,607	\$ 1,197	\$ 13,786	\$ -

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO SCHEDULE OF AMOUNTS REFUNDABLE TO OR RECEIVABLE FROM
INDIVIDUAL MEMBERS

FOR THE YEAR ENDED NOVEMBER 30, 2022

(1) BASIS OF PRESENTATION

Five of the six member municipalities entered into an amended service contract dated November 1, 1977 with Stony Brook Regional Sewerage Authority ("Authority") for the treatment and disposal of sewage in return for the Authority constructing, operating, and maintaining the system. At the beginning of each year, the members are assessed user charges based on the current year's budgeted operating revenues and expenses allocated to the individual members by the Authority's projection based on the average of five prior years of flow. This allocation is then adjusted for actual flow received through year-end, and any additional charges or refunds necessary to or from the members are determined by the Authority and assessed in the year-end adjustment.

(2) METER CERTIFICATION AND CALIBRATION

The Authority's staff services and calibrates the billing meters monthly. On a quarterly basis, the Authority utilizes the services of W.G. Malden, Inc. to certify the flow meters at each of the metering stations. As a result of the monthly calibration and quarterly certification, adjustments to the meter data are made by the Authority's engineering staff. A monthly flow report is sent to all of the member communities showing the adjusted flows and describing any adjustments which were made.

(3) ALLOCATION OF PERCENTAGE

Allocation percentages are developed using actual flows measured by the meters installed at the member municipalities' meter stations. These flows are then adjusted for non-metered flow during meter breakdowns and any reallocations of flows experienced from having one member's meter station registering flows from another community. These percentages are then used to allocate actual revenues and expenditures to determine the amount refundable to or receivable from the individual members.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF BONDS PAYABLE
NOVEMBER 30, 2022

SERIES 2012 REVENUE BONDS

<u>YEAR OF MATURITY</u>	<u>TRUST LOAN PRINCIPAL</u>	<u>INTEREST RATE</u>
2023	\$ 340,000	4.00%
2024	355,000	4.00%
2025	370,000	4.00%
2026	385,000	4.00%
2027	400,000	4.00%
2028	415,000	4.00%
2029	430,000	4.00%
2030	450,000	4.00%
2031	470,000	4.00%
2032	490,000	4.00%
2033	510,000	4.00%
2034	530,000	4.00%
	<hr/>	
	<u>\$ 5,145,000</u>	

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF BONDS PAYABLE
NOVEMBER 30, 2022
NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
SERIES 2007 BONDS**

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>FUND LOAN PRINCIPAL</u>
2023	\$ 313,373	\$ 166,000	4.25%	\$ 147,373
2024	324,577	176,000	4.50%	148,577
2025	327,075	181,000	4.50%	146,075
2026	308,855	191,000	4.50%	117,855
2027	201,000	201,000	4.25%	-
	<hr/>	<hr/>		<hr/>
	<u>\$ 1,474,880</u>	<u>\$ 915,000</u>		<u>\$ 559,880</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF BONDS PAYABLE
NOVEMBER 30, 2022
NJ ENVIRONMENTAL INFRASTRUCTURE TRUST/ARRA
SERIES 2009 BONDS**

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>FUND LOAN PRINCIPAL</u>
2023	\$ 90,125	\$ 48,000	5.00%	\$ 42,125
2024	89,125	47,000	5.00%	42,125
2025	89,125	47,000	4.25%	42,125
2026	94,125	52,000	4.50%	42,125
2027	94,125	52,000	4.50%	42,125
2028	99,125	57,000	4.50%	42,125
2029	99,125	57,000	4.25%	42,125
	<u>\$ 654,875</u>	<u>\$ 360,000</u>		<u>\$ 294,875</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF BONDS PAYABLE
NOVEMBER 30, 2022
NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
SERIES 2010 BONDS**

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>FUND LOAN PRINCIPAL</u>
2023	\$ 525,432	\$ 312,000	4.00%	\$ 213,432
2024	538,432	325,000	5.00%	213,432
2025	556,432	343,000	5.00%	213,432
2026	374,793	361,000	4.25%	13,793
2027	378,000	378,000	4.50%	-
2028	394,000	394,000	4.50%	-
2029	128,000	128,000	4.50%	-
	<u>\$ 2,895,089</u>	<u>\$ 2,241,000</u>		<u>\$ 654,089</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF BONDS PAYABLE
NOVEMBER 30, 2022
NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
SERIES 2015 BONDS**

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>FUND LOAN PRINCIPAL</u>
2023	\$ 185,559	\$ 50,000	5.00%	\$ 135,559
2024	190,559	55,000	5.00%	135,559
2025	190,559	55,000	5.00%	135,559
2026	195,559	60,000	5.00%	135,559
2027	195,559	60,000	4.00%	135,559
2028	200,559	65,000	4.00%	135,559
2029	200,559	65,000	4.00%	135,559
2030	205,559	70,000	4.00%	135,559
2031	205,559	70,000	4.00%	135,559
2032	210,559	75,000	4.00%	135,559
2033	210,559	75,000	4.00%	135,559
2034	190,360	80,000	4.00%	110,360
	<u>\$ 2,381,509</u>	<u>\$ 780,000</u>		<u>\$ 1,601,509</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF BONDS PAYABLE
 NOVEMBER 30, 2022
 NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
 SERIES 2020 BONDS**

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>FUND LOAN PRINCIPAL</u>
2023	\$ 172,497	\$ 35,000	5.000%	\$ 137,497
2024	172,497	35,000	5.000%	137,497
2025	172,497	35,000	5.000%	137,497
2026	177,497	40,000	5.000%	137,497
2027	177,497	40,000	4.000%	137,497
2028	177,497	40,000	4.000%	137,497
2029	182,497	45,000	4.000%	137,497
2030	182,497	45,000	4.000%	137,497
2031	187,497	50,000	4.000%	137,497
2032	187,497	50,000	2.125%	137,497
2033	187,497	50,000	2.250%	137,497
2034	187,497	50,000	2.375%	137,497
2035	192,497	55,000	2.375%	137,497
2036	192,497	55,000	2.500%	137,497
2037	192,497	55,000	2.500%	137,497
2038	192,497	55,000	2.625%	137,497
2039	197,497	60,000	2.625%	137,497
	<u>\$ 3,132,449</u>	<u>\$ 795,000</u>		<u>\$ 2,337,449</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS**

Measurement Date Ending <u>June 30,</u>	Authority's Proportion of the Net Pension <u>Liability (Asset)</u>	Authority's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	Authority's Covered-Employee <u>Payroll</u>	Authority's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2013	0.0448029400%	\$ 8,562,732	\$ 3,109,936	275.33%	48.72%
2014	0.0447616970%	8,380,614	3,199,381	261.94%	52.08%
2015	0.0463378240%	10,401,913	3,154,616	329.74%	47.92%
2016	0.0463048860%	13,714,179	3,105,794	441.57%	40.13%
2017	0.0460637000%	10,722,893	3,347,769	320.30%	48.10%
2018	0.0479553700%	9,442,173	3,421,078	276.00%	46.40%
2019	0.0458943069%	8,326,986	3,639,294	228.81%	42.04%
2020	0.0514327186%	8,387,331	3,584,184	234.01%	58.32%
2021	0.0490346720%	5,808,892	3,651,148	159.10%	42.18%
2022	0.0504885610%	7,619,419	3,776,862	201.74%	43.20%

Note: Schedule is intended to show a ten-year trend. Additional years will be reported as they become available.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS**

<u>Year Ending November 30.</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Authority's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2013	\$ -	\$ -	\$ -	\$ 3,109,936	0.00%
2014	337,581	337,581	-	3,199,381	10.55%
2015	369,099	369,099	-	3,154,616	11.70%
2016	398,381	398,381	-	3,105,794	12.83%
2017	411,366	411,366	-	3,347,769	12.29%
2018	451,988	451,988	-	3,421,078	13.21%
2019	478,714	478,714	-	3,639,294	13.15%
2020	451,413	451,413	-	3,584,184	12.59%
2021	562,649	562,649	-	3,651,148	15.41%
2022	574,253	574,253	-	3,776,862	15.20%

Note: Schedule is intended to show a ten-year trend. Additional years will be reported as they become available.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

NOTE TO RSI III

FOR THE YEAR ENDED NOVEMBER 30, 2022

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the state employer and 100% of the actuarially determined contributions for the local employers.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

ROSTER OF OFFICIALS

NOVEMBER 30, 2022

Authority Members

Position

Gale D. Downey	Chair
C. Schuyler Morehouse	Vice Chair
David A. Goldfarb	Treasurer
Bharat Patel	Member
Pamela Switlik	Member
Miquel Vilaro-Munet	Member

Other Officials

Position

Antonia Shurott-Pchola, P.E.	Executive Director & Secretary
William Chong, C.P.A.	Finance Director
Christopher Doelling, P.E.	Manager of Engineering
Diane Alexander	Attorney

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOVEMBER 30, 2022

GENERAL COMMENTS AND RECOMMENDATIONS

NONE



Federal Award Section



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

Members of the Board
Stony Brook Regional Sewerage Authority
290 River Road
Princeton, New Jersey 08540

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Stony Brook Regional Sewerage Authority as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise Stony Brook Regional Sewerage Authority's financial statements, and have issued our report thereon dated August 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stony Brook Regional Sewerage Authority's 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 Stony Brook Regional Sewerage Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Stony Brook Regional 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 Stony Brook Regional Sewerage Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stony Brook Regional Sewerage Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Stony Brook Regional Sewerage Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 31, 2023





SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board
Stony Brook Regional Sewerage Authority
290 River Road
Princeton, New Jersey 08540

Report on Compliance for Each Major Federal Program

We have audited the Stony Brook Regional Sewerage Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Stony Brook Regional Sewerage Authority's major federal programs for the year ended November 30, 2022. The Stony Brook Regional Sewerage Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Stony Brook Regional Sewerage Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Stony Brook Regional Sewerage Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

SUPLEE, CLOONEY & COMPANY

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Stony Brook Regional Sewerage Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Stony Brook Regional Sewerage Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2022.

Report on Internal Control Over Compliance

Management of the Stony Brook Regional Sewerage Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Stony Brook Regional Sewerage Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stony Brook Regional Sewerage Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

August 31, 2023



STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED NOVEMBER 30, 2022

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL C.F.D.A. NUMBER</u>	<u>GRANT PERIOD</u>	<u>PROJECT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>2022 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES</u>
<u>Direct Programs</u>						
Department of Environmental Protection Agency						
Passed Thru:						
NJ Department of Environmental Protection						
NJ Environmental Infrastructure Trust	66.458	2021	S340400-11	\$ 13,249,663	\$ 11,780,415	\$ 11,780,415

STONY BROOK REGIONAL SEWERAGE AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED NOVEMBER 30, 2022

NOTE 1: GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of Stony Brook Regional Sewerage Authority (Authority). The Authority is defined in the Notes to the Authority's basic financial statements. All federal financial awards received directly from federal agencies, as well as federal financial awards passed through other governmental agencies, is included on the Schedule of Expenditures of Federal Awards.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's basic financial statements.

NOTE 4: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

NOTE 5: OTHER

Matching contributions expended by the Authority in accordance with terms of the various grants are not reported in the accompanying schedules.

NOTE 6: LOANS

The Authority had no year-end loan balances for Reimbursement Loans, Loan Advances and Revolving Loans.

NOTE 7: COST RATE

The accompanying schedule does not include indirect costs claimed for reimbursement using the ten percent de minimus cost rate.

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED NOVEMBER 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| (1) Type of Auditor's Report Issued: | Unmodified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weaknesses identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) Noncompliance material to the basic financial statements noted? | No |

Federal Program(s)

- | | |
|--|------------|
| (1) Internal Control Over Major Federal Programs: | |
| (a) Material weaknesses identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)? | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |

(4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Amounts Expended</u>
Department of Environmental Protection Agency; Passed Thru NJ Department of Environmental Protection	\$11,780,415

- | | |
|---|-----|
| (5) Program Threshold Determination: | |
| Type A Federal Program Threshold \geq \$750,000.00 | |
| Type B Federal Program Threshold \geq \$187,500.00 < \$750,000.00 | |
| (6) Auditee qualified as a low-risk auditee under OMB Uniform Guidance? | Yes |

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED NOVEMBER 30, 2022

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major Federal Programs

Federal Programs - None Reported

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED NOVEMBER 30, 2022

Federal Programs - None Reported