

**STONY BROOK REGIONAL**  
**SEWERAGE AUTHORITY**  
**REPORT OF AUDIT**  
**FOR THE YEARS ENDED**  
**NOVEMBER 30, 2024 AND 2023**

# STONY BROOK REGIONAL SEWERAGE AUTHORITY

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**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-6631  
EMAIL: OFFICE@W-CPA.COM  
WWW.W-CPA.COM

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

***Modified Opinion***

We have audited the accompanying statement of net position of the Stony Brook Regional Sewerage Authority, as of and for the years ended November 30, 2024 and 2023 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in "*Basis for Modified Opinion*" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Stony Brook Regional Sewerage Authority, as of November 30, 2024, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Modified Opinion***

Management has not updated the net pension obligation, deferred outflow, accounts payable, and deferred inflow accounts to a measurement date acceptable under current accounting standards for the year ended November 30, 2024. Government Accounting Standards Board Statements No. 68 and 75 require a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, net pension and net post-employment benefit obligation has not been determined.



***Management's Responsibilities for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of the Authority's proportionate share of the net pension liability-PERS, and schedule of the Authority's contributions-PERS and schedule of the Authority's proportionate share of the State OPEB Liability, as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

### ***Emphasis of Matter***

#### ***Prior Period Restatement***

The Authority restated the net pension obligation, deferred outflow, accounts payable and deferred inflow accounts to a measurement acceptable under current accounting standards for the year ending November 30, 2023. The resulting adjustment is discussed in Note 14 to the financial statements. Our opinion is not modified with respect to this matter.



***Other Information***

Accounting principles generally accepted in the United States of America and the reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey require that the information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the N.J. OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the N.J. OMB Circular 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover other information, and we do not express an opinion or any form of assurance thereon.



Honorable Chairperson and Members of the  
Stony Brook Regional Sewerage Authority  
Page 5.

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025 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.

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

February 20, 2025



**Required Supplementary Information - Part I**

## **Management Discussion and Analysis**

## **STONY BROOK REGIONAL SEWERAGE AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

*As management of the Stony Brook Regional Sewerage Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal years ended November 30, 2024 and 2023. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.*

### **Financial Highlights**

- The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$49,246,962 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities and deferred inflows of resources by \$46,058,766, as restated.
  
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$33,054,884 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt and unexpended funds related to the purchase or construction of capital assets.
  - (2) Restricted of \$929,526 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted of \$15,262,552 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
  
- Total liabilities of the Authority increased by \$18,715,907 to \$61,426,640 during the fiscal year.

### **Overview of the Financial Statements**

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

### **Required Financial Statements**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

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

*Notes to the Financial Statements*

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

*Other Information*

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

**Financial Analysis of the Authority**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position**

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

The Authority's net position at fiscal year-end is \$49,246,962. This is a \$3,188,196 increase over last year's restated net position of \$46,058,766. A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position at November 30, 2024  
With Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>Restated FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	46,672,121	26,005,102	20,667,019	79.47%
Capital Assets	<u>64,533,120</u>	<u>63,416,307</u>	<u>1,116,813</u>	1.76%
Total Assets	<u>111,205,241</u>	<u>89,421,409</u>	<u>21,783,832</u>	24.36%
Deferred Outflows of Resources	<u>1,136,486</u>	<u>1,136,486</u>	<u>0</u>	0.00%
Current Liabilities	44,070,550	23,705,739	20,364,811	85.91%
Long-term Liabilities	<u>17,356,090</u>	<u>19,004,994</u>	<u>(1,648,904)</u>	(8.68)%
Total Liabilities	<u>61,426,640</u>	<u>42,710,733</u>	<u>18,715,907</u>	43.82%
Deferred Inflows of Resources	<u>1,668,125</u>	<u>1,788,396</u>	<u>(120,271)</u>	(6.73)%
Net Investment in Capital Assets	33,054,884	33,756,701	(701,817)	(2.08)%
Restricted	929,526	1,060,795	(131,269)	(12.37)%
Unrestricted	<u>15,262,552</u>	<u>11,241,270</u>	<u>4,021,282</u>	35.77%
Total Net Position	<u>49,246,962</u>	<u>46,058,766</u>	<u>3,188,196</u>	6.92%

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position (Continued)**

A summary of the Authority's prior year statement of net position is presented with comparative figures in the following table. This comparison has not been updated to include the restatements described in Note 14 to the financial statements.

**Condensed Statement of Net Position at November 30, 2023  
With Comparative Prior Year Balances**

	<u>FY 2023</u>	<u>Restated FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	26,005,102	26,946,449	(941,347)	(3.49)%
Capital Assets	<u>63,416,307</u>	<u>63,095,118</u>	<u>321,189</u>	0.51%
Total Assets	<u>89,421,409</u>	<u>90,041,567</u>	<u>(620,158)</u>	(0.69)%
Deferred Outflows of Resources	<u>1,791,938</u>	<u>1,791,938</u>	<u>0</u>	0.00%
Long-term Liabilities	19,947,074	22,566,336	(2,619,262)	(11.61)%
Current Liabilities	<u>23,109,475</u>	<u>23,930,741</u>	<u>(821,266)</u>	(3.43)%
Total Liabilities	<u>43,056,549</u>	<u>46,497,077</u>	<u>(3,440,528)</u>	(7.40)%
Deferred Inflows of Resources	<u>2,772,799</u>	<u>2,430,740</u>	<u>342,059</u>	14.07%
Net Investment in Capital Assets	33,756,701	33,331,075	425,626	1.28%
Restricted	1,060,795	1,539,536	(478,741)	(31.10)%
Unrestricted	<u>10,566,503</u>	<u>8,035,077</u>	<u>2,531,426</u>	31.50%
Total Net Position	<u>45,383,999</u>	<u>42,905,688</u>	<u>2,478,311</u>	5.78%

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position (Continued)**

While the *Statement of Net Position* shows the change in financial position of net position, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes.

**Condensed Statement of Revenues, Expenses  
And Changes in Net Position for the Year Ending  
November 30, 2024 with Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>Restated FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	18,054,902	17,437,222	617,680	3.54%
Non-operating Revenues	<u>1,229,320</u>	<u>1,187,772</u>	<u>41,548</u>	3.50%
Total Revenues	<u>19,284,222</u>	<u>18,624,994</u>	<u>659,228</u>	3.54%
Depreciation	2,761,197	2,944,864	(183,667)	(6.24)%
Other Operating Expenses	12,901,635	12,658,215	243,420	1.92%
Other Non-operating Expense	<u>433,194</u>	<u>543,604</u>	<u>(110,410)</u>	(20.31)%
Total Expenses	16,096,026	16,146,683	(50,657)	(0.31)%
Change in Net Position	<u>3,188,196</u>	<u>2,478,311</u>	<u>709,885</u>	28.64%
Net Position, January 1	46,058,766	43,580,455	2,478,311	5.69%
Net Position, December 31	<u>49,246,962</u>	<u>46,058,766</u>	<u>3,188,196</u>	6.92%

The Authority's operating revenues increased by \$617,680 to \$18,054,902 in fiscal year 2024 from \$17,437,222 in 2023. This increase is primarily due to an increase in revenue from service agreements.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Net Position (Continued)**

A summary of the Authority's prior year statement of revenues, expenses and changes in net position is presented with comparative fiscal year figures in the following table. This comparison has not been updated to include the restatements described in Note 14 to the financial statements.

**Condensed Statement of Revenues, Expenses  
And Changes in Net Position for the Year Ending  
November 30, 2023 with Comparative Prior Year Balances**

	<u>FY 2023</u>	<u>Restated FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	17,437,222	16,561,925	875,297	5.29%
Non-operating Revenues	<u>1,187,772</u>	<u>292,250</u>	<u>895,522</u>	306.42%
Total Revenues	<u>18,624,994</u>	<u>16,854,175</u>	<u>1,770,819</u>	10.51%
Depreciation	2,944,864	2,764,710	180,154	6.52%
Other Operating Expenses	12,658,215	10,531,204	2,127,011	20.20%
Other Non-operating Expense	<u>543,604</u>	<u>481,737</u>	<u>61,867</u>	12.84%
Total Expenses	<u>16,146,683</u>	<u>13,777,651</u>	<u>2,369,032</u>	17.19%
Change in Net Position	2,478,311	3,076,524	(598,213)	(19.44)%
Beginning Net Position	42,905,688	40,612,489		
Prior Period Adjustments	_____	<u>(783,125)</u>	<u>783,125</u>	(100.00)%
Ending Net Position	<u>45,383,999</u>	<u>42,905,888</u>	<u>2,478,111</u>	5.78%

**Budgetary Highlights**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Budgetary Highlights (Continued)**

The following tables provide a budget comparison for FY 2024 and 2023:

**Budget vs. Actual  
FY 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Net Position Utilized	1,600,000	1,600,000	0
Operating	17,706,273	17,989,551	283,278
Non-Operating	<u>660,000</u>	<u>1,174,400</u>	<u>514,400</u>
	<u>19,966,273</u>	<u>20,763,951</u>	<u>797,678</u>
Expenses:			
Operating	16,369,984	12,901,635	3,468,349
Non-Operating	<u>3,596,289</u>	<u>3,103,384</u>	<u>492,905</u>
	<u>19,966,273</u>	<u>16,005,019</u>	<u>3,961,254</u>
Income before Depreciation	<u><u>0</u></u>	<u><u>4,758,932</u></u>	<u><u>4,758,932</u></u>

**Budget vs. Actual  
FY 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Net Position Utilized	700,000	1,308,000	608,000
Operating	17,345,715	17,335,959	(9,756)
Non-Operating	<u>235,000</u>	<u>956,321</u>	<u>721,321</u>
	<u>18,280,715</u>	<u>19,600,280</u>	<u>1,319,565</u>
Expenses:			
Operating	15,581,335	12,658,215	2,923,120
Non-Operating	<u>2,699,380</u>	<u>3,220,116</u>	<u>(520,736)</u>
	<u>18,280,715</u>	<u>15,878,331</u>	<u>2,402,384</u>
Income before Depreciation	<u><u>0</u></u>	<u><u>3,721,949</u></u>	<u><u>3,721,949</u></u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's net property, plant and equipment at fiscal year end was \$64,533,120. This is a \$1,116,813 increase over last year's net property, plant and equipment of \$63,416,307. A summary of the Authority's capital assets is presented in the following table:

**CAPITAL ASSETS**

	<u>FY</u> <u>2024</u>	<u>FY</u> <u>2023</u>
Land	\$911,690	\$911,690
Treatment Plant	101,131,414	100,384,825
Pumping Stations	14,783,143	14,580,467
Collection System	11,556,726	11,549,726
Furniture & Equipment	9,503,267	7,027,145
Automotive	870,507	870,507
Construction in Progress	<u>36,052,265</u>	<u>35,606,642</u>
	174,809,012	170,931,002
 Less: Accumulated Depreciation	 <u>110,275,892</u>	 <u>107,514,695</u>
 Property, Plant and Equipment, Net	 <u>\$64,533,120</u>	 <u>\$63,416,307</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**

The Authority's on going capital plan is reviewed each year by the Authority's consulting engineer. Notable future capital improvements are listed below.

Sludge Cake Storage Hopper	\$2,000,000
Thickener No. 2 Improvements	415,000
Fly Ash Slurry Line Replacement	400,000
Engineering Trailer	300,000
Sludge Cake Receiving Facility	3,000,000
RR HVAC Upgrade	1,700,000
MA Diffusers	200,000
RR Parking & Road Improvement	200,000
PS Inluent Screening	4,200,000
Disinfection Building Storage	1,000,000
South Brunswick Substation	1,100,000
Sludge Mix Tank Crane	150,000
Millstone PS Substation	1,100,000
Princeton PS Substation	800,000
South Brunswick PS Pump 4	1,000,000
Asset Management Program	200,000
Millstone PS VFD	180,000
Process Drain Pump 3	180,000
Data Storage Replacement	160,000
South Brunswick PS VFD	120,000
Valve Replacement Program	250,000
Painting - River Road	250,000
Painting - Remote Facilities	250,000
Concrete and Pavement Repair	250,000
MS6 Upgrades	50,000
Settling Tank Skimmers	160,000
Asphalt Paving at Pennington	<u>300,000</u>
 Total	 <u><u>\$19,915,000</u></u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Debt Administration**

At November 30, 2024, the Authority had outstanding bonds of \$11,471,626 (gross). The debt service schedule has a final maturity in 2039. Full details of the specific bond issues outstanding are found in Note 5 to the financial statements and the supplementary schedules. The Authority also had outstanding \$39,562,837 in temporary financing through the New Jersey Infrastructure Bank ("NJIB").

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

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

**Contacting the Authority**

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Executive Director of the Stony Brook Regional Sewerage Authority, 290 River Road, Princeton, New Jersey 08540.

## **Financial Statements**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2024 AND 2023**

	<b>2024</b>	<b>Restated 2023</b>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 24,492,318	\$ 20,508,951
Accounts Receivable, Net	364,051	303,830
Prepaid Expenses	170,652	76,704
	25,027,021	20,889,485
Restricted:		
Cash and Cash equivalents	1,036,507	1,199,343
Loan Receivable (NJIB)	20,608,593	3,916,274
	21,645,100	5,115,617
Total Restricted Assets	21,645,100	5,115,617
Total Current Assets	46,672,121	26,005,102
<b>Capital Assets:</b>		
Property, Plant and Equipment	174,809,012	170,931,002
Less: Accumulated Depreciation	(110,275,892)	(107,514,695)
	64,533,120	63,416,307
Total Capital Assets	64,533,120	63,416,307
<b>TOTAL ASSETS</b>	111,205,241	89,421,409
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Outflows Related to Pensions	\$ 1,136,486	\$ 1,136,486
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	1,136,486	1,136,486

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2024 AND 2023**

	<b>2024</b>	<b>Restated 2023</b>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
Payable from Unrestricted Assets:		
Accounts Payable and Accrued Expenses	\$ 2,132,909	\$ 1,972,900
Accounts Payable - Pension Related	596,264	596,264
Accrued Interest Payable	55,871	66,410
Total Current Liabilities Payable from Unrestricted Assets	2,785,044	2,635,574
Payable from Restricted Assets:		
Accrued Interest Payable	88,375	119,942
Contractor Hauler Deposits	18,606	18,606
Current Portion of Long-Term Debt	1,615,688	1,670,190
NJIB Notes Payable	19,261,427	19,261,427
Total Current Liabilities Payable from Restricted Assets	20,984,096	21,070,165
<b>Non-Current Liabilities</b>		
Accrued Compensated Absences	365,432	385,373
Post-Retirement Health Benefits Payable	457,381	470,656
Long-Term Debt	9,855,938	11,471,626
Net Pension Obligation	6,677,339	6,677,339
NJIB Notes Payable	20,301,410	
Total Non-Current Liabilities	37,657,500	19,004,994
<b>TOTAL LIABILITIES</b>	<b>\$ 61,426,640</b>	<b>\$ 42,710,733</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
<b>Deferred Inflows:</b>		
Deferred Inflows Related to Pensions	\$ 615,759	\$ 615,759
Deferred Savings on Refunding Bond	190,554	210,306
Unamortized Premiums	573,812	607,336
Unamortized Savings Credits	288,000	354,995
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,668,125</b>	<b>1,788,396</b>

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF NOVEMBER 30, 2024 AND 2023**

	<b>2024</b>	<b>Restated 2023</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	33,054,884	33,756,701
Restricted		
Bond/Loan Service	280,000	441,174
Bond/Loan Reserve	485	1,449
Renewal and Replacement	649,041	617,010
Capital Projects	-	1,162
Unrestricted		
Designated	9,656,983	3,656,983
Undesignated	5,605,569	7,584,287
<b>TOTAL NET POSITION</b>	\$ 49,246,962	\$ 46,058,766

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>Restated 2023</u>
<b>Operating Revenue:</b>		
Member Service Charges	\$ 14,944,238	\$ 14,491,315
Septage, Sludge and Special Waste	3,045,313	2,844,644
Other	65,351	101,263
	<u>18,054,902</u>	<u>17,437,222</u>
<b>Operating Expenses:</b>		
Administrative:		
Salaries & Wages	520,622	563,140
Fringe Benefits	167,908	242,011
Other Expenses	1,037,161	1,451,242
Cost of Services:		
Salaries & Wages	3,428,352	3,348,638
Fringe Benefits	1,466,750	1,400,655
Other Expenses	6,280,842	5,652,529
Depreciation Expense	2,761,197	2,944,864
	<u>15,662,832</u>	<u>15,603,079</u>
Total Operating Expenses		
	<u>15,662,832</u>	<u>15,603,079</u>
Operating Income	<u>2,392,070</u>	<u>1,834,143</u>
<b>Non-Operating Revenue (Expenses):</b>		
Interest Income	1,109,049	855,058
Interest Expense	(433,194)	(449,130)
Amortization of Bond Premium	120,271	123,415
Cost of Issuance	-	(94,474)
Cancellation of Accounts Payable	-	209,299
	<u>796,126</u>	<u>644,168</u>
Non-Operating Income (Loss)		
	<u>796,126</u>	<u>644,168</u>
<b>Change In Net Position</b>	3,188,196	2,478,311
<b>Total Net Position - December 1,</b>	<u>46,058,766</u>	<u>43,580,455</u>
<b>Total Net Position - November 30,</b>	<u>\$ 49,246,962</u>	<u>\$ 46,058,766</u>

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

	<b>2024</b>	<b>Restated 2023</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Members	\$ 14,790,069	\$ 15,685,346
Cash Received from Other Operating Fees	3,110,664	2,945,907
Cash Paid to Suppliers	(7,157,994)	(7,756,612)
Cash Paid to Employees	(5,616,848)	(5,588,516)
	<u>5,125,891</u>	<u>5,286,125</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flow from Capital and Related Financing Activities:</b>		
Acquisition of Fixed Assets	(3,878,010)	(3,266,053)
Proceeds from NJEIT Loans Receivable	3,609,091	2,095,490
Bond Principal Paid	(1,670,190)	(1,626,986)
Interest Paid on Debt	(475,300)	(451,460)
Refunding Debt Service Payments		(544,000)
	<u>(2,414,409)</u>	<u>(3,793,009)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Interest Received	1,109,049	855,058
	<u>1,109,049</u>	<u>855,058</u>
<b>Net Cash Provided by (Used for ) Investing Activities</b>		
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	3,820,531	2,348,174
<b>Cash and Cash Equivalents, December 1,</b>	<u>21,708,294</u>	<u>19,360,120</u>
<b>Cash and Cash Equivalents November, 30,</b>	<u>\$ 25,528,825</u>	<u>21,708,294</u>
<b>Analysis of Balance at November 30,</b>		
Unrestricted - Cash and Cash Equivalents	24,492,318	20,508,951
Restricted - Cash and Cash Equivalents	<u>1,036,507</u>	<u>1,199,343</u>
	<u>25,528,825</u>	<u>21,708,294</u>

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

	<b>2024</b>	<b>Restated 2023</b>
<b>Operating Income</b>	\$ 2,392,070	\$ 1,834,143
<b>Adjustments to Reconcile Operating Income to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Depreciation Expense	2,761,197	2,944,864
Cancellation of Accounts Payable		209,299
Net Pension Adjustments		
(Increase)/Decrease in Accounts Receivable	(60,221)	1,189,125
(Increase)/Decrease in Prepaid Items	(93,948)	4,906
Increase/(Decrease) in Accounts Payable	160,009	(862,140)
Increase/(Decrease) in Accrued Compensated Absences	(19,941)	(18,672)
Increase/(Decrease) in Post-Retirement Health Benefits Payable	(13,275)	(15,400)
<b>Total Adjustments</b>	2,733,821	3,451,982
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 5,125,891	\$ 5,286,125

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

**Notes to Financial Statements**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 1. GENERAL**

The Stony Brook Regional Sewerage Authority (the “Authority”) is a public body corporate and politic of the State of New Jersey, governed by six members appointed by its participant municipalities.

The Authority was created and organized in 1968 under and pursuant to the State Municipal Utilities Authorities Law (P.L. 1957, Chapter 183).

The Stony Brook Regional Sewerage Authority was created to construct and operate a wastewater collection and treatment system to serve seven member municipalities (Princeton Borough, Princeton Township, South Brunswick Township, West Windsor Township, Hopewell Borough, Hopewell Township, and Pennington Borough) in Mercer and Middlesex Counties, New Jersey. In 2013, Princeton Borough and Princeton Township merged and became Princeton. The Authority has entered into an agreement with its member municipalities other than Hopewell Township, obligating each participating municipality to guarantee its proportionate share of the Authority’s operating expenses, debt service and required reserve additions to the extent not met by other sources.

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

**Component Unit**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

**Component Unit, (continued)**

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units.

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

The following is a summary of the more significant accounting policies:

**A. Basis of Presentation**

The financial statements of the Stony Brook Regional Sewerage Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes. The Governmental Accounting Standards Board GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant of the Authority's accounting policies are described below.

On January 1, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net position reporting requirement of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

**A. Basis of Presentation, (continued)**

- *Net investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**B. Basis of Accounting**

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

**C. Reporting Entity**

The Authority’s financial statements include the accounts of all Authority operations. The primary criterion for including activities within the Authority’s reporting entity, is set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Based on this criteria, the Authority is a legally separate organization and has no component units.

**D. Risks of Loss**

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers compensation, flood damage, and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductibles associated with the policies and an event, which may exceed policy coverage limits.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

**E. Grants**

Contributions received from the U.S. Environmental Protection Agency and N.J. Department of Environmental Protection are recorded in the period in which they are awarded.

Grants receivable, if any, represent the total grant awards less amounts collected to date. Grants, if any, not internally restricted and utilized to finance operations are identified as non-operating revenue. Grants externally restricted for non-operating purposes are recorded as contributed capital and identified as grants-in-aid.

**F. Inventories of Materials and Supplies**

The cost of inventories, primarily chemicals for the treatment of sewerage and sludge, are recorded as expenditures at the time individual items are purchased, since they are not material to the results of operations and financial position.

**G. Property, Plant and Equipment**

Property, Plant and Equipment is stated at cost which includes direct construction costs and other expenditures related to construction. Land is stated at approximate fair market value as of the date it was donated to the Authority or at the purchase price if purchased by the Authority.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and placed into operation. Assets with a cost of more than \$5,000 are capitalized.

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

Depreciation on assets acquired with grants-in-aid and contributed capital assets is recorded as a reduction of contributed capital.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

A summary of the changes in property, plant and equipment at November 30, 2024 and 2023 are as follows:

	<u>Balance</u> Nov. 30, 2023	<u>Additions</u>	<u>Deletions/ Cancellations</u>	<u>Balance</u> Nov. 30, 2024
Land	\$911,690	\$	\$	\$911,690
Treatment Plant	100,384,825	746,589		101,131,414
Pumping Stations	14,580,467	202,676		14,783,143
Collection System	11,549,726	7,000		11,556,726
Furniture & Equipment	7,027,145	2,476,122		9,503,267
Automotive	870,507			870,507
Construction in Progress	<u>35,606,642</u>	<u>1,172,488</u>	<u>726,865</u>	<u>36,052,265</u>
	170,931,002	4,604,875	726,865	174,809,012
Less: Accumulated Depreciation	<u>107,514,695</u>	<u>2,761,197</u>	<u>          </u>	<u>110,275,892</u>
Property, Plant and Equipment, Net	<u>\$63,416,307</u>	<u>\$1,843,678</u>	<u>\$726,865</u>	<u>\$64,533,120</u>
	<u>Balance</u> Nov. 30, 2022	<u>Additions</u>	<u>Deletions/ Cancellations</u>	<u>Balance</u> Nov. 30, 2023
Land	\$911,690	\$	\$	\$911,690
Treatment Plant	100,171,302	213,523		100,384,825
Pumping Stations	14,580,467			14,580,467
Collection System	11,150,036	399,690		11,549,726
Furniture & Equipment	7,027,145			7,027,145
Automotive	870,507			870,507
Construction in Progress	<u>32,953,802</u>	<u>2,652,840</u>	<u>          </u>	<u>35,606,642</u>
	167,664,949	3,266,053	0	170,931,002
Less: Accumulated Depreciation	<u>104,569,831</u>	<u>2,944,864</u>	<u>          </u>	<u>107,514,695</u>
Property, Plant and Equipment, Net	<u>\$63,095,118</u>	<u>\$321,189</u>	<u>\$0</u>	<u>\$63,416,307</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

**H. Restricted and Designated Accounts**

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

Restricted Accounts

The Authority has established the following restricted accounts:

Renewal and Replacement

Pay for emergency and non-recurring repairs, etc. Holds amounts needed for replacement of assets at the Authority's discretion.

Construction Reserve

The Authority established this account to provide funds for future construction projects.

Bond Service

The Authority established this account to provide funds for future debt service payments.

Bond Reserve

The Authority established this account to equal the greatest amount of debt service due in any fiscal year.

**I. Unamortized Premium on Bonds**

Premiums paid in connection with the Series 2015, 2020 and 2023 bond issues are being amortized over the life of the issues.

**J. Operating Fund Budget**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

**K. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position, and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions include depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results may differ from those estimates.

**L. Compensated Absences**

The Authority provides compensated absences benefits to its employees. As of November 30, 2024 and 2023, the vested amounts were \$365,432 and \$385,373, respectively.

**M. Net Position**

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**N. Recent Accounting Pronouncements**

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. The Authority is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

In September 2024, the Government Accounting Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

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

**O. Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. State and federal grants for the operation of the Authority are considered operating revenues. Transactions or other events that are both unusual in nature and infrequent in occurrence are reported as extraordinary items.

**NOTE 3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 3. CASH AND CASH EQUIVALENTS, (continued)**

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

As of November 30, 2024, the Authority’s cash and cash equivalents are summarized as follows:

	<u>Money Market/ Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Unrestricted	\$22,073,856	\$2,418,462	\$24,492,318
Restricted	<u>1,036,507</u>	<u>                    </u>	<u>1,036,507</u>
	<u>\$23,110,363</u>	<u>\$2,418,462</u>	<u>\$25,528,825</u>

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of November 30, 2024, the Authority had \$2,418,462 on deposit with the New Jersey Cash Management Fund.

The carrying amount of the Authority’s cash and cash equivalents at November 30, 2024 was \$25,528,825 and the bank balance was \$25,558,735. This entire amount was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey Statutes.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposit may not be returned to it. The Authority’s policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of November 30, 2024, \$-0- of the Authority’s bank balance of \$25,558,735 was exposed to custodial risk.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 4. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**

The Authority issued bonds in 2007, 2009, 2010, 2015 and 2020 through the Trust to finance the improvement to the treatment facilities. The proceeds of the Bonds are held by the Trust until the Authority expends funds on the project. The Authority then submits for reimbursement of these expenditures from the Trust. The following is the remaining amount of funds to be received by the Trust:

	<u>Balance</u> <u>Nov. 30, 2023</u>	<u>Loans</u> <u>Authorized</u>	<u>Less:</u> <u>Amounts</u> <u>Received</u>	<u>Balance</u> <u>Nov. 30, 2024</u>
Project No. S340400-11:				
Fund Portion	\$1,958,137	\$	\$1,390,989	\$567,148
Trust Portion	<u>1,958,137</u>	<u>          </u>	<u>1,390,989</u>	<u>567,148</u>
	<u>3,916,274</u>	<u>          0</u>	<u>2,781,978</u>	<u>1,134,296</u>
Project No. S340400-12:				
Fund Portion	-0-	12,650,705	620,335	12,030,370
Trust Portion	<u>-0-</u>	<u>7,650,705</u>	<u>206,778</u>	<u>7,443,927</u>
	<u>-0-</u>	<u>20,301,410</u>	<u>827,113</u>	<u>19,474,297</u>
	<u>\$3,916,274</u>	<u>\$20,301,410</u>	<u>\$3,609,091</u>	<u>\$20,608,593</u>
			<u>Less:</u>	
	<u>Balance</u> <u>Nov. 30, 2022</u>	<u>Loans</u> <u>Authorized</u>	<u>Amounts</u> <u>Received</u>	<u>Balance</u> <u>Nov. 30, 2023</u>
Project No. S340400-11 (UV Disinfection):				
Fund Portion	\$3,005,882	\$	\$1,047,745	\$1,958,137
Trust Portion	<u>3,005,882</u>	<u>          </u>	<u>1,047,745</u>	<u>1,958,137</u>
	<u>\$6,011,764</u>	<u>          \$0</u>	<u>\$2,095,490</u>	<u>\$3,916,274</u>

These funds shall be disbursed to the Authority under the terms of its loan agreements with the New Jersey Environmental Infrastructure Trust.

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**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 5. BONDS PAYABLE**

The Authority has issued and has outstanding the following bonds as of November 30, 2024 and 2023.

	<u>Balance Nov. 30, 2023</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Nov. 30, 2024</u>
Series 2007A NJEIT Bonds	\$1,161,507	\$	\$324,577	\$836,930
Series 2009A NJEIT Bonds	564,750		89,125	475,625
Series 2010B NJEIT Bonds	2,369,657		538,432	1,831,225
Series 2015A-1 NJEIT Bonds	2,195,950		190,559	2,005,391
Series 2020A-1 NJEIT Bonds	2,959,952		172,497	2,787,455
Series 2023 A-2 Revenue Refunding Bonds	<u>3,890,000</u>	<u>                    </u>	<u>355,000</u>	<u>3,535,000</u>
	<u>\$13,141,816</u>	<u>\$0</u>	<u>\$1,670,190</u>	<u>\$11,471,626</u>
Due Within One Year	1,670,190			1,615,688
Long-Term Debt	<u>11,471,626</u>			<u>9,855,938</u>
	<u>\$13,141,816</u>			<u>\$11,471,626</u>
	<u>Balance Nov. 30, 2022</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Nov. 30, 2023</u>
Series 2007A NJEIT Bonds	\$1,474,880	\$	\$313,373	\$1,161,507
Series 2009A NJEIT Bonds	654,875		90,125	564,750
Series 2010B NJEIT Bonds	2,895,089		525,432	2,369,657
Series 2012 Revenue Refunding Bonds	5,145,000		5,145,000	0
Series 2015A-1 NJEIT Bonds	2,381,509		185,559	2,195,950
Series 2020A-1 NJEIT Bonds	3,132,449		172,497	2,959,952
Series 2023 A-2 Revenue Refunding Bonds	<u>                    </u>	<u>3,890,000</u>	<u>                    </u>	<u>3,890,000</u>
	<u>\$15,683,802</u>	<u>\$3,890,000</u>	<u>\$6,431,986</u>	<u>\$13,141,816</u>
Due Within One Year	1,626,986			1,670,190
Long-Term Debt	<u>14,056,816</u>			<u>11,471,626</u>
	<u>\$15,683,802</u>			<u>\$13,141,816</u>

Presented below is a summary of debt service requirements to maturity for all permanently financed bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$1,615,688	\$337,638	\$1,953,326
2026	1,445,829	290,658	1,736,487
2027	1,356,181	240,546	1,596,727
2028	1,196,181	191,375	1,387,556
2029	950,181	150,140	1,100,321
2030-2034	3,940,081	358,775	4,298,856
2035-2039	<u>967,485</u>	<u>21,831</u>	<u>989,316</u>
	<u>\$11,471,626</u>	<u>\$1,590,963</u>	<u>\$13,062,589</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2007 NJEIT Bonds**

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.

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2025	181,000	28,738	146,075	355,813
2026	191,000	19,663	117,855	328,518
2027	201,000	9,805		210,805
	<u>573,000</u>	<u>58,206</u>	<u>263,930</u>	<u>895,136</u>

**Series 2009A NJEIT Bonds**

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.

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2025	47,000	10,600	42,125	99,725
2026	52,000	8,720	42,125	102,845
2027	52,000	6,640	42,125	100,765
2028	57,000	4,560	42,125	103,685
2029	57,000	2,280	42,125	101,405
	<u>265,000</u>	<u>32,800</u>	<u>210,625</u>	<u>508,425</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2010B NJEIT Bonds**

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 defeated by the Trust. This includes \$320,000 of year 2029 bonds and \$490,000 of year 2030 bonds.

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2025	343,000	75,700	213,432	632,132
2026	361,000	58,550	13,793	433,343
2027	378,000	40,500		418,500
2028	394,000	23,490		417,490
2029	128,000	5,760		133,760
	<u>1,604,000</u>	<u>204,000</u>	<u>227,225</u>	<u>2,035,225</u>

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**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2015A-1 NJEIT Bonds**

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.

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2025	55,000	28,150	135,559	218,709
2026	60,000	25,400	135,559	220,959
2027	60,000	22,400	135,559	217,959
2028	65,000	20,000	135,559	220,559
2029	65,000	17,400	135,559	217,959
2030	70,000	14,800	135,559	220,359
2031	70,000	12,000	135,559	217,559
2032	75,000	9,200	135,559	219,759
2033	75,000	6,200	135,559	216,759
2034	80,000	3,200	110,360	193,560
	<u>675,000</u>	<u>158,750</u>	<u>1,330,391</u>	<u>2,164,141</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2020A-1 NJEIT Bonds**

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.

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2025	35,000	24,700	137,497	197,197
2026	40,000	22,950	137,497	200,447
2027	40,000	20,950	137,497	198,447
2028	40,000	18,950	137,497	196,447
2029	45,000	16,950	137,497	199,447
2030	45,000	14,700	137,497	197,197
2031	50,000	12,450	137,497	199,947
2032	50,000	10,450	137,497	197,947
2033	50,000	9,387	137,497	196,884
2034	50,000	8,262	137,497	195,759
2035	55,000	7,075	137,497	199,572
2036	55,000	5,769	137,497	198,266
2037	55,000	4,394	137,497	196,891
2038	55,000	3,018	137,497	195,515
2039	60,000	1,575	137,497	199,072
	<u>725,000</u>	<u>181,580</u>	<u>2,062,455</u>	<u>2,969,035</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 5. BONDS PAYABLE, (continued)**

**Series 2023 NJEIT Bonds**

In April 2023, the Authority issued \$3,890,000 2023 Revenue Refunding Bonds with a maturity date of December 1, 2033, and an interest rate of 5.00%. The Series 2023 Bonds were issued to (i) refund Authority's outstanding Revenue Refunding Bonds (Series 2012) maturing on December 1 in the years 2023 through 2033, inclusive, in the aggregate principal amount of \$4,805,000 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Series 2023 Bonds.

Year	Trust Portion		Total
	Principal	Interest	
2025	280,000	169,750	449,750
2026	295,000	155,375	450,375
2027	310,000	140,250	450,250
2028	325,000	124,375	449,375
2029	340,000	107,750	447,750
2030	360,000	90,250	450,250
2031	375,000	71,875	446,875
2032	395,000	52,625	447,625
2033	415,000	32,375	447,375
2034	440,000	11,000	451,000
	3,535,000	955,625	4,490,625

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 6. NOTES PAYABLE**

The Authority has issued and has outstanding the following notes as of November 30, 2024 and 2023:

	<u>Balance Nov. 30, 2023</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Nov. 30, 2024</u>
Series 2021 Notes (NJIB)	\$19,261,427	\$	\$	\$19,261,427
Series 2024 Notes (NJIB)	<u>                    </u>	<u>20,301,410</u>	<u>                    </u>	<u>20,301,410</u>
	<u>\$19,261,427</u>	<u>\$20,301,410</u>	<u>\$0</u>	<u>\$39,562,837</u>
Due Within One Year	\$19,261,427			\$19,261,427
Long-Term Debt	<u>-0-</u>			<u>20,301,410</u>
	<u>\$19,261,427</u>			<u>\$39,562,837</u>
	<u>Balance Nov. 30, 2022</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance Nov. 30, 2023</u>
Series 2021 Notes (NJIB) - UV Disinfection	\$19,261,427	\$	\$	\$19,261,427
	<u>\$19,261,427</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,261,427</u>
Due Within One Year	\$19,261,427			\$19,261,427
Long-Term Debt	<u>-0-</u>			<u>-0-</u>
	<u>\$19,261,427</u>			<u>\$19,261,427</u>

A description of these outstanding notes is as follows:

**2021 Financing Trust Loan Program**

In 2021, for the purpose 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 June 30, 2024. This note represents funding for the 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 no less than twenty years and no more than thirty years.

**2024 Financing Trust Loan Program**

In 2024, for the purpose of temporary/interim financing during construction, the Authority issued a low-interest bearing note to the NJIB in the amounts of \$20,301,410 which are due June 30, 2027. This note represents funding for the improvements to the Authority's Hopewell Wastewater Treatment Plant 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 no less than twenty years and no more than thirty years.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLAN**

Description of Plans:

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

*Public Employees' Retirement System (PERS)*

Plan Description

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

Benefits Provided

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

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

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**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLAN, (continued)**

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Defined Contribution Retirement Program**

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

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

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLANS, (continued)**

**Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 7.5% for PERS. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

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

<b><u>Three Year Trend Information for PERS</u></b>		
<b><u>Year Funding</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>
2024	\$616,144	100%
2023	636,685	100%
2022	574,253	100%

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

**Public Employees Retirement System (PERS)**

At November 30, 2024 and 2023, the Authority reported a liability of \$6,677,339 and \$7,619,419 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2023 the Authority's proportion was 0.0461002943 percent, which was a decrease of 0.0043882667 percent from its proportion measured as of June 30, 2022.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLANS, (continued)**

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

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

For the year ended November 30, 2024, the Authority recognized pension expense (benefit) of \$(674,767). At November 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2024</u>	Restated <u>2023</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$14,669	\$14,669
Net difference between projected and actual earnings on pension plan investments	30,750	30,750
Changes in proportion and differences between Authority contributions and proportionate share of contributions	494,803	494,803
Authority contributions subsequent to the measurement date	<u>596,264</u>	<u>596,264</u>
Total	<u>\$1,136,486</u>	<u>\$1,136,486</u>

	<u>2024</u>	Restated <u>2023</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$404,675	\$404,675
Net difference between projected and actual earnings on pension plan investments	27,295	27,295
Changes in proportion and differences between Authority contributions and proportionate share of contributions	820,473	820,473
Deferred Pension Adjustment	<u>(636,684)</u>	<u>(636,684)</u>
Total	<u>\$615,759</u>	<u>\$615,759</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLANS, (continued)**

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

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

The \$1,136,486 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the fiscal year ending November 30, 2024 and 2023, the plan measurement date is June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	<u>Nov. 30, 2024</u>	<u>Restated Nov. 30, 2023</u>
2024	\$(352,538)	\$(352,538)
2025	(196,774)	(196,774)
2026	274,978	274,978
2027	(49,210)	(49,210)
2028	837	837

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018, respectively.

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at November 30, 2024 and 2023 are as follows:

	<u>Nov. 30, 2024</u>	<u>Nov. 30, 2023</u>
Collective deferred outflows of resources	N/A	\$1,080,204,730
Collective deferred inflows of resources	N/A	1,780,216,457
Collective net pension liability	N/A	14,606,489,066
Authority's Proportion	N/A	0.0461002943%

N/A - Actuarial valuation was not available as of the date of the financial statements.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLANS, (continued)**

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

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

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS), (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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLANS, (continued)**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Authority's proportionate share of the pension liability	\$8,765,759	\$6,677,339	\$5,004,027

Information regarding collective net pension liability as of June 30, 2024 was not available during the audit.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 7. PENSION PLANS, (continued)**

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

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

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, 2023, 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 November 30, 2023 was 0.0462753234%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2023 was \$20,824. Information regarding the special funding situation as of June 30, 2024 was not available during the audit.

**Pension Plan Fiduciary Net Position**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS**

In 2013, the Authority adopted a single-employer defined benefit healthcare plan ("Plan"). In order to be eligible to receive retirement health 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. 45, 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 2019 annual OPEB costs and unfunded accrued liability as required by GASB Statement 45. 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>2024</u>	<u>2023</u>
Annual Required Contribution	\$	\$26,600
Payments to Retirees	<u>(13,275)</u>	<u>(42,000)</u>
Net other post-employment benefit obligation	(13,275)	(15,400)
Net other post-employment benefit, beginning of year	<u>470,656</u>	<u>486,056</u>
Net other post-employment benefit, end of year	<u>\$457,381</u>	<u>\$470,656</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**General Information about the OPEB Plan**

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, 2024. In accordance with State requirements, the Authority will need to update their other post-employment benefit obligation every year. The authority currently has six retired employees receiving retirement benefits. The net OPEB obligation of the Authority to provide benefits to retirees for the years ended November 30, 2024 and 2023 \$457,381 and \$470,656, respectively. The Authority has funds set aside in unrestricted net position equal to the OPEB obligation.

**NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES**

The Authority's attorney has informed management that there are no material commitments or contingencies as of the date of this report.

**NOTE 10. RISK MANAGEMENT**

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

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 11. DEFERRED COMPENSATION PLAN**

Employees of the Stony Brook Regional Sewerage Authority may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Government). The deferred compensation plan is available to all eligible employees of the Authority. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan is administered by an unrelated financial institution. The employees' contributions to the Plan and all income attributable to those amounts have been transferred to the exclusive benefit of the participating employees and their beneficiaries.

**NOTE 12. DESIGNATION OF UNRESTRICTED NET ASSETS**

The Authority maintains funds that, although may be spent for any lawful purpose by the Authority, have been designated by the Board as follows:

	<u>2024</u>	<u>2023</u>
Designated for Emergencies	\$1,323,983	\$1,323,983
Designated for Capital Projects	<u>8,333,000</u>	<u>2,333,000</u>
	<u>\$9,656,983</u>	<u>\$3,656,983</u>

At November 30, 2024, the Authority reported a total amount of \$9,656,983 of Unrestricted Net Position - Designated for the purposes described above.

The remaining, undesignated portion of the Authority's net position was comprised of the following at November 30, 2024 and 2023:

	<u>2024</u>	Restated <u>2023</u>
Pension Related	(\$6,156,612)	(\$6,156,612)
OPEB related	(457,381)	(470,656)
Available for Use in Future Budgets	<u>12,219,562</u>	<u>14,211,555</u>
	<u>\$5,605,569</u>	<u>\$7,584,287</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
FOR THE YEARS ENDED NOVEMBER 30, 2024 AND 2023**

**NOTE 13. SUBSEQUENT EVENTS**

The Stony Brook Regional Sewerage Authority has evaluated subsequent events through February 20, 2025, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**NOTE 14. PRIOR PERIOD ADJUSTMENTS**

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement requires, among other things, the recognition of unfunded net pension obligations and related deferred outflows and inflows in the financial statements of an entity. As a result, the following prior period adjustments have been made on the 2023 financial statements:

	Balance 11/30/2023 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 11/30/2023 as Restated
Deferred Outflows of Resources:			
Deferred Pension-Related Costs	\$1,791,938	(\$655,452)	\$1,136,486
Liabilities:			
Net Pension Liability	7,619,419	(942,080)	6,677,339
Accounts Payable - Pension-Related	0	596,264	596,264
Deferred Inflows of Resources:			
Deferred Pension-Related Inflows	1,600,162	(984,403)	615,759
Net Position:			
Unrestricted: Undesignated	6,909,520	674,767	7,584,287

**Required Supplementary Information - Part II**

**SCHEDULE RSI-1**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of Authority's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System  
*Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	N/A	0.0461002943%	0.0504885610%	0.0490346720%	0.0514327186%	0.0458943069%	0.0479553700%	0.0460637000%	0.0463048860%	0.0463378240%
Authority's Proportionate Share of the Net Pension Liability	N/A	\$ 6,677,339	\$ 7,619,419	\$ 5,808,892	\$ 8,387,331	\$ 8,326,986	\$ 9,442,173	\$ 10,722,893	\$ 13,714,179	\$ 10,401,913
Authority's Covered-Employee Payroll	\$ 3,389,860	\$ 3,452,246	\$ 3,776,862	\$ 3,651,148	\$ 3,584,184	\$ 3,639,294	\$ 3,421,078	\$ 3,347,769	\$ 3,105,794	\$ 3,154,616
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	N/A	193.42%	201.74%	159.10%	234.01%	228.81%	276.00%	320.30%	441.57%	329.74%

\* Actuary valuation at June 30, 2024 was not available at the time of the audit.

**SCHEDULE RSI-2**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of Authority's Contributions  
 Public Employees' Retirement System  
*Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	N/A	\$ 636,685	\$ 574,253	\$ 563,649	\$ 451,413	\$ 478,714	\$ 451,988	\$ 411,366	\$ 398,381	\$ 369,099
Contribution in Relation to the Contractually Required Contribution	N/A	(636,685)	(574,253)	(563,649)	(451,413)	(478,714)	(451,988)	(411,366)	(398,381)	(369,099)
Contribution Deficiency (Excess)		-	-	-	-	-	-	-	-	-
Authority's Covered-Employee Payroll	3,389,860	3,452,246	3,776,862	3,651,148	3,584,184	3,639,294	3,421,078	3,347,769	3,105,794	3,154,616
Contributions as a Percentage of Authority's Covered-Employee Payroll	N/A	18.44%	15.20%	15.44%	12.59%	13.15%	13.21%	12.29%	12.83%	11.70%

\* Actuary valuation at June 30, 2024 was not available at the time of the audit.

**SCHEDULE RSI-3**

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**Required Supplementary Information**  
**Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios**  
*Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability:										
Service cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	-	-	-	-	-	-	-	-	-	-
Total OPEB liability - beginning	470,656	486,056	294,155	305,712	273,443	241,176	206,082	171,349	135,894	90,596
Total OPEB liability - ending	457,381	470,656	486,056	294,155	305,712	273,443	241,176	206,082	171,349	135,894
Authority's Covered-Employee Payroll	3,389,860	3,452,246	3,776,862	3,651,148	3,584,184	3,639,294	3,421,078	3,347,769	3,105,794	3,154,616

Total OPEB liability as a percentage of Authority's Covered-Employee Payroll

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**Note to Required Supplementary Information**  
**For the Year Ended November 30, 2024**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

Change in Benefit Terms

None

Change in Assumptions

Assumptions used in calculating the PERS Liability are presented in Note 7.

**OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Change in Benefit Terms

None

Change in Assumptions

Assumptions used in calculating the OPEB Liability are presented in Note 8.

**Supplementary Schedules**

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR YEAR ENDED NOVEMBER 30, 2024

	Restricted			Unrestricted			Total	
	Net Investment in Capital Assets	Bond / Loan Service	Bond / Loan Reserve	Renewal and Replacement	Capital Projects	Designated for Emergencies		Designated for Capital Projects
<b>Operating Revenue:</b>								
Member Service Fees								14,944,238
Other Operating Fees								3,045,313
Miscellaneous								65,351
Total Operating Revenue								18,054,902
<b>Operating Expense:</b>								
Administrative								1,725,691
Cost of Providing Services								11,175,944
Depreciation	2,761,197							2,761,197
Total Operating Expense	2,761,197							15,662,832
<b>Operating Income</b>	(2,761,197)							2,392,070
<b>Non-Operating Revenue (Expense):</b>								
Interest Income	120,271							1,109,049
Interest Expense								(433,194)
Amortization Expense								120,271
<b>Net Income (Loss) Before Transfers</b>	120,271							796,126
	(2,640,926)							3,188,196
<b>Transfers:</b>								
Capital Expenditures	3,878,010							(3,878,010)
Budget Appropriations							1,000,000	(1,000,000)
Bond Principal Payments	1,670,190							(1,670,190)
NJIB Receipts / Credits	(3,609,091)							3,609,091
Other Transfers		(161,174)	(964)	32,031	(1,162)			(4,868,731)
<b>Increase/(Decrease) in Net Position</b>	(701,817)	(161,174)	(964)	32,031	(1,162)		6,000,000	(1,978,718)
<b>Net Position - December 1, 2023</b>	33,756,701	441,174	1,449	617,010	1,162	1,323,983	2,333,000	7,584,287
<b>Net Position - November 30, 2024</b>	33,054,884	280,000	485	649,041		1,323,983	8,333,000	5,605,569

SCHEDULE 2

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED NOVEMBER 30, 2024

	Operating Accounts	Bond/Loan Service Accounts	Bond/Loan Reserve Account	Renewal and Replacement Account	Capital Projects Account	Total
<b>Cash, Cash Equivalents and Investments - December 1, 2023</b>	20,581,089	507,800	1,232	617,010	1,163	21,708,294
<b>Cash Receipts:</b>						
Interest on Investments	1,051,730	25,288		32,031		1,109,049
Member Service Fees	14,790,069					14,790,069
Other Operating Fees	3,045,313					3,045,313
Miscellaneous	65,351					65,351
NIJB Reimbursements	3,609,091					3,609,091
Transfers	1,910	368,158		-		370,068
<b>Total Cash Receipts</b>	<b>22,563,464</b>	<b>393,446</b>	<b>-</b>	<b>32,031</b>	<b>-</b>	<b>22,988,941</b>
<b>Cash and Investments Available</b>	<b>43,144,553</b>	<b>901,246</b>	<b>1,232</b>	<b>649,041</b>	<b>1,163</b>	<b>44,697,235</b>
<b>Cash Disbursements:</b>						
Operations	12,774,842					12,774,842
Construction	3,878,010					3,878,010
Debt Service Payments	2,145,490					2,145,490
Transfers	368,158		747		1,163	370,068
<b>Total Cash Disbursements</b>	<b>19,166,500</b>	<b>-</b>	<b>747</b>	<b>-</b>	<b>1,163</b>	<b>19,168,410</b>
<b>Cash, Cash Equivalents and Investments - November 30, 2024</b>	<b>23,978,053</b>	<b>901,246</b>	<b>485</b>	<b>649,041</b>	<b>-</b>	<b>25,528,825</b>
<b>Analysis of Balance:</b>						
Cash and Cash Equivalents	23,978,053	901,246	485	649,041	-	25,528,825
	23,978,053	901,246	485	649,041	-	25,528,825
Unrestricted	23,871,072	621,246	485	649,041	-	24,492,318
Restricted	106,981	280,000				1,036,507
	23,978,053	901,246	485	649,041	-	25,528,825

**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED  
BY OPERATING REVENUE COMPARED TO BUDGET  
FOR THE YEAR ENDED NOVEMBER 30, 2024**

	<u>FY 2024 Adopted Budget</u>	<u>FY 2024 Budget as Amended</u>	<u>Current Year Actual</u>	<u>Excess / (Deficit)</u>	<u>Prior Year Actual</u>
<b>Revenues</b>					
Unrestricted Net Position	1,600,000	1,600,000	1,600,000	-	700,000
Restricted Net Position - Bond / Loan Reserve	-	-	-	-	544,000
Restricted Net Position - Bond / Loan Service	-	-	-	-	64,000
Operating Revenues:					
Member Charges	14,944,238	14,944,238	14,944,238	-	14,491,315
Septage, Sludge and Special Waste	2,762,035	2,762,035	3,045,313	283,278	2,844,644
Non-Operating Revenues:					
Interest on Investments	650,000	650,000	1,109,049	459,049	855,058
Miscellaneous	10,000	10,000	65,351	55,351	101,263
<b>Total Revenues</b>	<u>19,966,273</u>	<u>19,966,273</u>	<u>20,763,951</u>	<u>797,678</u>	<u>19,600,280</u>
<b>Expenses</b>					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	546,228	546,228	520,622	25,606	563,140
Fringe Benefits	201,192	201,192	167,908	33,284	218,158
Other Expenses:					
Insurance	434,587	434,587	433,020	1,567	395,079
Professional Services	516,221	536,221	489,436	46,785	579,635
Office/ Other	144,543	144,543	114,705	29,838	130,665
	<u>1,842,771</u>	<u>1,862,771</u>	<u>1,725,691</u>	<u>137,080</u>	<u>1,886,677</u>
Cost of Producing Services					
Personnel:					
Salaries and wages	3,968,331	3,968,331	3,428,352	539,979	3,348,638
Fringe Benefits	1,757,500	1,757,500	1,466,750	290,750	1,424,508
Other Expenses:					
Operations & Maintenance	7,851,860	7,781,860	5,382,287	2,399,573	5,038,417
Laboratory	206,659	206,659	111,908	94,751	438,716
Engineering	590,566	640,566	684,661	(44,095)	438,897
Safety	152,297	152,297	101,986	50,311	82,362
	<u>14,527,213</u>	<u>14,507,213</u>	<u>11,175,944</u>	<u>3,331,269</u>	<u>10,771,538</u>
<b>Total Operating Appropriations</b>	<u>16,369,984</u>	<u>16,369,984</u>	<u>12,901,635</u>	<u>3,468,349</u>	<u>12,658,215</u>
Non-Operating Appropriations					
Debt Service:					
Bond and Loan Principal	2,133,284	2,133,284	1,670,190	463,094	2,170,986
Interest on Bonds and Notes	463,005	463,005	433,194	29,811	449,130
Capital Projects Reserve	1,000,000	1,000,000	1,000,000	-	600,000
<b>Total Non-Operating Appropriations</b>	<u>3,596,289</u>	<u>3,596,289</u>	<u>3,103,384</u>	<u>492,905</u>	<u>3,220,116</u>
<b>Total Appropriations</b>	<u>19,966,273</u>	<u>19,966,273</u>	<u>16,005,019</u>	<u>3,961,254</u>	<u>15,878,331</u>

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED**  
**BY OPERATING REVENUE COMPARED TO BUDGET**  
**FOR THE YEAR ENDED NOVEMBER 30, 2024**

	FY 2024 Adopted Budget	FY 2024 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
<b>Excess (Deficit) of Revenues Over Expenses</b>	-	-	4,758,932		3,721,949
 <b>Reconciliation of Budgetary Basis to GAAP:</b>					
Unrestricted Net Position Utilized			(1,600,000)		(700,000)
Restricted Net Position Utilized			-		(608,000)
Depreciation			(2,761,197)		(2,944,864)
Bond and Loan Principal			1,670,190		2,170,986
Capital Projects Reserve			1,000,000		600,000
Amortization of Bond Premium			120,271		123,415
Cost of Issuance			-		(94,474)
Cancellation of Accounts Payable			-		209,299
<b>Change in Net Position</b>			3,188,196		2,478,311

STONY BROOK REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF CAPITAL BUDGET PROGRAM  
 FUNDED BY FINANCING SOURCES  
 FOR THE YEAR ENDED NOVEMBER 30, 2024

	FY 2024 Adopted Budget	FY 2024 Budget as Amended	Current Year Actual	Excess / Actual
<b>Financing Sources:</b>				
Unrestricted Net Position Utilized	3,125,000	3,967,000	1,912,316	2,054,684
Proceeds of NJEIT Loans			2,531,592	(2,531,592)
	<u>3,125,000</u>	<u>3,967,000</u>	<u>4,443,908</u>	<u>(476,908)</u>
<b>Capital Outlays:</b>				
Dewatering Evaluation <sup>(1)</sup>	1,500,000			-
Small Cap Project <sup>(1)</sup>	1,000,000	1,000,000	956,050	43,950
Fly Ash Slurry Line Replacement <sup>(1)</sup>	325,000	92,000	2,439	89,561
Princeton PS VFD Replacement <sup>(1)</sup>	250,000	250,000	202,676	47,324
Sludge Cake Storage Hopper <sup>(1)</sup>		1,500,000	39,800	1,460,200
Nitrification Aerator Gearbox <sup>(1)</sup>		475,000	436,501	38,499
Nitrification Clarifier No. 4 <sup>(1)</sup>		350,000		350,000
Engineering Trailer <sup>(1)</sup>		300,000	19,957	280,043
UV Disinfection Filtration <sup>(2)</sup>			1,925,002	(1,925,002)
Milstone Force Main <sup>(1)</sup>			7,000	(7,000)
Belt Filter Press Replacement <sup>(1)</sup>			67,787	(67,787)
Phosphorous Impairment Study <sup>(1)</sup>			26,883	(26,883)
Odor Control Improvements <sup>(1)</sup>			153,223	(153,223)
Hopewell WWTP Upgrades <sup>(2)</sup>			606,590	(606,590)
River Road Nitrate Removal <sup>(1)</sup>	50,000	-		-
	<u>3,125,000</u>	<u>3,967,000</u>	<u>4,443,908</u>	<u>(476,908)</u>
<b>Total Capital Outlays</b>	<u>3,125,000</u>	<u>3,967,000</u>	<u>4,443,908</u>	<u>(476,908)</u>
<b>Total Costs Funded by Capital Revenue</b>	<u>3,125,000</u>	<u>3,967,000</u>	<u>4,443,908</u>	<u>(476,908)</u>
<b>Add: Excess</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>3,125,000</u></u>	<u><u>3,967,000</u></u>	<u><u>4,443,908</u></u>	<u><u>(476,908)</u></u>

<sup>(1)</sup> Funded by Unrestricted Net Position Utilized.

<sup>(2)</sup> Funded by Proceeds of NJIB Loans.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2023	2024 Issued	2024 Redeemed	Balance Nov. 30, 2024
			Date	Amount				
New Jersey Infrastructure Bank Series 2007A Trust Portion		4.50%	2025	181,000				
		4.50%	2026	191,000				
		4.25%	2027	201,000	749,000		176,000	573,000
New Jersey Infrastructure Bank Series 2007A Fund Portion		n/a	2025	146,075				
		n/a	2026	117,855	412,507		148,577	263,930

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2023	2024 Issued	2024 Redeemed	Balance Nov. 30, 2024
			Date	Amount				
New Jersey Infrastructure Bank Series 2009A Trust Portion			2025	47,000				
		4.25%	2026	52,000				
		4.50%	2027	52,000				
		4.50%	2028	57,000				
		4.25%	2029	57,000				
					312,000	47,000		265,000
New Jersey Infrastructure Bank Series 2009A Fund Portion		n/a	2025	42,125				
		n/a	2026	42,125				
		n/a	2027	42,125				
		n/a	2028	42,125				
		n/a	2029	42,125				
					252,750	42,125		210,625

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2023	2024 Issued	2024 Redeemed	Balance Nov. 30, 2024
			Date	Amount				
New Jersey Infrastructure Bank Series 2010B Trust Portion								
		5.00%	2025	343,000				
		4.25%	2026	361,000				
		4.50%	2027	378,000				
		4.50%	2028	394,000				
	4.50%	2029	128,000					
					1,929,000		325,000	1,604,000
New Jersey Infrastructure Bank Series 2010B Fund Portion								
		n/a	2025	213,432				
		n/a	2026	13,793				
					440,657		213,432	227,225

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2023	2024 Issued	2024 Redeemed	Balance Nov. 30, 2024
			Date	Amount				
New Jersey Infrastructure Bank Series 2015A-1 Trust Portion		5.00%	2025	55,000				
		5.00%	2026	60,000				
		4.00%	2027	60,000				
		4.00%	2028	65,000				
		4.00%	2029	65,000				
		4.00%	2030	70,000				
		4.00%	2031	70,000				
		4.00%	2032	75,000				
		4.00%	2033	75,000				
		4.00%	2034	80,000				
					730,000	55,000	675,000	

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2023	2024 Issued	2024 Redeemed	Balance Nov. 30, 2024
			Date	Amount				
New Jersey Infrastructure Bank Series 2015A-1 Fund Portion		n/a	2025	135,559				
		n/a	2026	135,559				
		n/a	2027	135,559				
		n/a	2028	135,559				
		n/a	2029	135,559				
		n/a	2030	135,559				
		n/a	2031	135,559				
		n/a	2032	135,559				
		n/a	2033	135,559				
		n/a	2034	110,360				
					1,465,950	135,559		1,330,391

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Dec. 1, 2023	2024 Issued	2024 Redeemed	Balance Nov. 30, 2024
			Date	Amount				
New Jersey Infrastructure Bank Series 2020A-1 Trust Portion		5.00%	2025	35,000				
		5.00%	2026	40,000				
		5.00%	2027	40,000				
		5.00%	2028	40,000				
		5.00%	2029	45,000				
		5.00%	2030	45,000				
		4.00%	2031	50,000				
		2.13%	2032	50,000				
		2.25%	2033	50,000				
		2.38%	2034	50,000				
		2.38%	2035	55,000				
		2.50%	2036	55,000				
		2.50%	2037	55,000				
		2.63%	2038	55,000				
		2.63%	2039	60,000				
					760,000		35,000	725,000

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Dec. 1, 2023	2024 Issued	2024 Redeemed	Balance Nov. 30, 2024
				November 30, 2024	Amount				
New Jersey Infrastructure Bank Series 2020A-1 Fund Portion		n/a	2025		137,497				
		n/a	2026		137,497				
		n/a	2027		137,497				
		n/a	2028		137,497				
		n/a	2029		137,497				
		n/a	2030		137,497				
		n/a	2031		137,497				
		n/a	2032		137,497				
		n/a	2033		137,497				
		n/a	2034		137,497				
		n/a	2035		137,497				
		n/a	2036		137,497				
		n/a	2037		137,497				
		n/a	2038		137,497				
	n/a	2039		137,497					
						2,199,952		137,497	2,062,455



STONY BROOK REGIONAL SEWERAGE AUTHORITY

SUPPLEMENTAL SCHEDULE OF AMOUNTS REFUNDABLE TO OR RECEIVABLE FROM INDIVIDUAL MEMBERS

FOR YEAR ENDED NOVEMBER 30, 2024

	Princeton	South Brunswick Township	West Windsor Township	Hopewell Borough	Pennington Borough	Total
<b>Actual</b>						
Operating Expenses (Less Depreciation)	4,521,466	4,830,056	2,963,858	222,579	363,677	12,901,636
Capital Purchase Fund Contribution	350,457	374,376	229,727	17,252	28,187	999,999
Revenues - Septage, Sludge and Special Waste	(1,067,251)	(1,140,091)	(699,592)	(52,538)	(85,842)	(3,045,314)
Interest	(388,674)	(415,201)	(254,779)	(19,133)	(31,262)	(1,109,049)
Miscellaneous Revenue	(22,903)	(24,466)	(15,013)	(1,127)	(1,842)	(65,351)
Budget Balance to Net Position	1,107,069	1,182,627	725,693	54,498	89,046	3,158,933
Debt Service Apportioned to Members	737,145	787,455	483,205	36,288	59,291	2,103,384
Total Base Charges	5,237,309	5,594,756	3,433,099	257,819	421,255	14,944,238
Gallons Treated (Actual)	1,250,148,017	1,335,470,555	819,482,256	61,541,256	100,553,292	3,567,195,376
Total Base Charges (Percentage)	0.350456839	37.44%	22.97%	1.73%	2.82%	100.00%
Debt Service Adjustment - Increase (Decrease)	-	-	-	-	-	-
Net Member Charges - Actual	5,237,309	5,594,756	3,433,099	257,819	421,255	14,944,238
<b>Budget</b>						
Operating Expenses (Less Depreciation)	5,437,657	6,381,779	3,797,994	288,495	464,059	16,369,984
Capital Purchase Fund Contribution	332,172	389,846	232,010	17,623	28,348	999,999
Revenues - Septage, Sludge and Special Waste	(917,472)	(1,076,769)	(640,819)	(48,676)	(78,298)	(2,762,034)
Interest	(215,912)	(253,400)	(150,807)	(11,454)	(18,426)	(649,999)
Miscellaneous Revenue	(3,322)	(3,898)	(2,320)	(176)	(283)	(9,999)
Budget Balance to Net Position	(531,476)	(623,754)	(371,215)	(28,197)	(45,357)	(1,599,999)
Debt Service Apportioned to Members	862,415	1,012,154	602,364	45,755	73,600	2,596,288
Total Base Charges	4,964,062	5,825,958	3,467,207	263,370	423,643	14,944,240
Gallons Treated (Budget)	1,171,752,593	1,375,200,183	818,424,204	62,167,341	99,999,404	3,527,543,725
Total Base Charges (Percentage)	33.22%	38.98%	23.20%	1.76%	2.83%	100.00%
Debt Service Adjustment - Increase (Decrease)	-	-	-	-	-	-
Net Member Charges - Budget/ Paid	4,964,062	5,825,958	3,467,207	263,370	423,643	14,944,240
Due (to)/from Members as November 30, 2024	273,247	(231,202)	(34,108)	(5,551)	(2,388)	(2)

**NOTE:**  
This schedule is being generated for management purposes only.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**

**ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS**

The following officials were in office at November 30, 2024:

<u>Name</u>	<u>Office</u>	
Gale D. Downey	Chairman	Hopewell Township
C. Schuyler Morehouse	Vice Chairman	Hopewell Borough
David A. Goldfarb	Treasurer	Princeton
Julian Antebi	Commissioner	Pennington Borough
Bharat Patel	Commissioner	South Brunswick
Arundhati Bhosle	Commissioner	West Windsor
David Smith	Executive Director	
Maraziti Falcon, LLP	Legal Counsel	
Wielkocz & Company, LLC	Auditors	

**Government Auditing Standards Report**



**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-6631  
EMAIL: OFFICE@W-CPA.COM  
WWW.W-CPA.COM

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Stony Brook Regional Sewerage Authority, as of and for the year ended November 30, 2024 and 2023, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2025.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding 2024-02 to be a material weakness.

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.

### ***Compliance and Other Matters***

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

### ***Management's Response to Findings***

Stony Brook Regional Sewerage Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

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

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

February 20, 2025



**Single Audit Section**



**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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

401 WANAQUE AVENUE  
POMPTON LAKES, NEW JERSEY 07442  
PHONE: (973)-835-7900  
FAX: (973)-835-6631  
EMAIL: OFFICE@W-CPA.COM  
WWW.W-CPA.COM

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE AND N.J. OMB CIRCULAR 15-08**

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

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited Stony Brook Regional Sewerage Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the N.J. Office of Management and Budget Circular 15-08 Compliance Supplement that could have a direct and material effect on each of Stony Brook Regional Sewerage Authority's major federal and state programs for the year ended November 30, 2024 and 2023. Stony Brook Regional Sewerage Authority's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2024 and 2023.

**Basis for Opinion on Each Major Federal and State Program**

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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of Stony Brook Regional Sewerage Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Stony Brook Regional Sewerage Authority's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Stony Brook Regional Sewerage Authority's federal and state programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Stony Brook Regional Sewerage Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Stony Brook Regional Sewerage Authority's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Stony Brook Regional Sewerage Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.



- Obtain an understanding of Stony Brook Regional Sewerage Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Stony Brook Regional Sewerage Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 and state 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 and state 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



Honorable Chairman and Members of the  
Stony Brook Regional Sewerage Authority  
Page 4.

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 and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Wielkottz & Company, LLC*

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

February 20, 2025



**STONY BROOK REGIONAL SEWERAGE AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED NOVEMBER 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA Number	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
<b>U.S. Environmental Protection Agency:</b>								
<i>Pass Through New Jersey Department of Environmental Protection:</i>								
NJ Environmental Infrastructure Fund								
2021 Project (S340400-11)	66-458	042-4860-711-003	\$ 9,535,360	\$ 1,390,989	12/1/2023	11/30/2024	\$ 1,390,989	\$ 8,968,212
NJ Environmental Infrastructure Fund								
2024 Project (S340400-12)	66-458	042-4860-711-003	\$ 10,150,705	\$ 206,778	12/1/2023	11/30/2024	\$ 206,778	\$ 206,778
NJ Environmental Infrastructure Fund								
2024 Project (S340400-12) - PF	66-458	042-4860-711-003	\$ 2,500,000	\$ 413,557	12/1/2023	11/30/2024	\$ 413,557	\$ 413,557
<b>Total Federal Financial Awards</b>				<u>\$ 2,011,324</u>			<u>\$ 2,011,324</u>	<u>\$ 9,588,547</u>

See accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE**

NOVEMBER 30, 2024

<u>State Funding Department</u>	<u>State Grant Account Number</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Grant Period</u>	<u>Grant Expenditures</u>	<u>Cumulative Grant Expenditures</u>
				<u>From</u> <u>To</u>		
<u>New Jersey Department of Environmental Protection:</u>						
NJ Environmental Infrastructure Fund						
2021 Project (S340400-11)	042-4860-711-003	\$ 9,535,360	\$ 1,390,989	12/1/2023	11/30/2024	\$ 1,390,989
NJ Environmental Infrastructure Fund						
2024 Project (S340400-12)	042-4860-711-003	\$ 7,650,705	\$ 206,778	12/1/2023	11/30/2024	\$ 206,778
<b>Total State Financial Assistance</b>		<u>\$ 1,597,767</u>	<u>\$ 1,597,767</u>			<u>\$ 1,597,767</u>
						<u>\$ 9,174,990</u>

See accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
NOVEMBER 30, 2024 and 2023**

**NOTE 1. GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Stony Brook Regional Sewerage Authority. The Authority is defined in Note 1 to the Authority's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the accrual basis of accounting. These bases of accounting are described in Notes 2(A) to the Authority's basic financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's financial statements as follows:

	New Jersey Environmental <u>Fund</u>	New Jersey Environmental <u>Trust</u>	<u>Total</u>
Balance- 11/30/23	\$1,958,137	\$1,958,137	\$3,916,274
Grants Awarded	12,650,705	7,650,705	20,301,410
Grants Received	<u>(2,011,324)</u>	<u>(1,597,767)</u>	<u>(3,609,091)</u>
Balance- 11/30/24	<u>\$12,597,518</u>	<u>\$8,011,075</u>	<u>\$20,608,593</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. INDIRECT COST RATE**

The Stony Brook Regional Sewerage Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024 and 2023**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: modified

Internal control over financial reporting:

- 1. Reportable condition(s) identified that are not considered to be material weaknesses?            yes   X   none reported
- 2. Material weakness(es) identified?   X   yes            no

Noncompliance material to basic financial statements noted?            yes   X   no

**Federal Awards**

Internal Control over major programs:

- 1. Significant deficiencies identified that are not considered to be material weaknesses?            yes   X   none reported
- 2. Material weakness(es) identified?            yes   X   no

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance            yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?            yes   X   no



**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024 and 2023**  
**(continued)**

*Section II - Financial Statement Findings*

**FINDING 2024-01**

**STATEMENT OF CONDITION**

The Authority has not updated the post-retirement health benefits payable, net pension obligation, pension-related deferred outflow, accounts payable – pension or pension-related deferred inflow accounts to a measurement date acceptable under current accounting standards.

**CRITERIA**

Government Accounting Standards Board (GASB) Statements No. 68 and 75 requires a state or local government employer to recognize a net pension liability and OPEB measured as of a date no earlier than the end of its prior fiscal year.

**EFFECT**

The amount by which this departure would affect the deferred outflows or resources, liabilities, deferred inflows or resources and net position has not been determined.

**CAUSE**

The Authority relies on valuations performed annually by an actuary hired by the State of New Jersey. As of the date of this report, there has been no indication as to when the actuary's valuation of the Public Employee's Retirement System (PERS) would be complete.

**RECOMMENDATION**

The Authority should update all future financial statements to comply with GASB's No. 68 and 75 once the actuary's valuation reports are available.

**MANAGEMENT'S RESPONSE**

Calculation of the net pension obligation, pension-related deferred outflow, accounts payable – pension or pension-related deferred inflow amounts are out of the Authority's control. In order to comply with the requirements of Section 616 of their 1977 General Bond Resolution, management has opted to release the report without updating figures in accordance with the measurement guidelines of GASB's No. 68 and 75.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024 AND 2023**  
**(continued)**

*Section II - Financial Statement Findings, (continued)*

**FINDING 2024-02**

**STATEMENT OF CONDITION**

There are inadequate controls over safeguarding of assets, specifically the Authority's property, plant and equipment.

**CRITERIA**

Governmental entities should maintain a fixed asset list providing cost and description of property and equipment, as well as any depreciation previously expensed against such listed assets. This list should be updated regularly to include purchases of new capital items and exclude capital assets that have been disposed of or replaced. Management should also have a system of monitoring assets that are included on this fixed asset list.

**EFFECT**

The Authority's property, plant and equipment are susceptible to misstatement, misappropriation and/or theft.

**CAUSE**

Since 1971, the Authority began recording fixed assets in a general, non-itemized format (i.e. "Plant Improvements"). In 1985, the New Jersey Division of Local Government Services issued Technical Accounting Directive No. 2 which, among other things, required all local government units to maintain a physical inventory of all nonexpendable, tangible property. The Authority did not go back and inventory previously recorded items.

**RECOMMENDATION**

The Authority should maintain an itemized fixed asset list providing the cost and description of its property and equipment, as well as any depreciation previously expensed against such fixed assets.

**MANAGEMENT'S RESPONSE**

Management recognizes the importance of maintaining an itemized fixed asset schedule and is currently reviewing options to remedy this finding.

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024 AND 2023**  
**(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

No matters were reported

**STONY BROOK REGIONAL SEWERAGE AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024 AND 2023**

**Status of Prior Year Findings**

A review was performed on all prior year's recommendations and corrective action was taken.

## **General Comments and Recommendations**

# STONY BROOK REGIONAL SEWERAGE AUTHORITY

## GENERAL COMMENTS

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

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the sum of \$44,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.”

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

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

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

The results of our examination indicated that no individual payments, contracts, or agreements were made “for the performance of any work or the furnishing or hiring of any materials or supplies,” in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

Resolutions were adopted authorizing the awarding of contract or agreements for “Professional Services” per N.J.S.A. 40A:11-5.

## STONY BROOK REGIONAL SEWERAGE AUTHORITY

A review was performed on all prior year recommendations and corrective action was taken on all items.

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

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

We wish to thank Stony Brook Regional Sewerage Authority for their cooperation during the performance of our audit.

Respectfully submitted,

*Wielkottz & Company, LLC*

WIELKOTZ & COMPANY, LLC

Certified Public Accountants

Pompton Lakes, New Jersey