

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF BERGEN)
REPORT OF AUDIT**

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

CONTENTS

<u>Page</u>		<u>Exhibits</u>
1	Independent Auditor's Report	
<u>REQUIRED SUPPLEMENTARY INFORMATION - PART I</u>		
5	Management's Discussion and Analysis	
<u>FINANCIAL STATEMENTS</u>		
15	Comparative Statement of Net Position	A
18	Comparative Statement of Revenues, Expenses and Changes in Net Position	B
19	Comparative Statement of Cash Flows	C
21	Notes to Financial Statements	
<u>REQUIRED SUPPLEMENTARY INFORMATION - PART II</u>		
60	Schedule of the Authority's Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS)	RSI-1
61	Schedule of the Authority's Contributions Public Employees' Retirement System (PERS)	RSI-2
62	Schedule of Changes in the Authority's Proportionate Share of the State OPEB Liability	RSI-3
63	Schedule of Authority's Share of Net OPEB Liability	RSI-4
64	Schedule of Authority's OPEB Contributions	RSI-5
65	Notes to Required Supplementary Information	
<u>SUPPLEMENTARY SCHEDULES</u>		
66	Supplemental Schedule of Revenues, Expenses and Changes in Net Position	1
67	Supplemental Schedule of Cash Receipts, Disbursements and Changes in Cash	2
69	Schedule of Operating Revenue and Costs Funded By Operating Revenue Compared to Budget	3
71	Schedule of Capital Budget Program	4
72	Schedule of Revenue and Revenue Refunding Bonds	5

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

CONTENTS

<u>Page</u>		<u>Exhibits</u>
85	Roster of Officials and Report on Surety Bonds	6
86	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	
88	Schedule of Expenditures of Federal Awards	
89	Schedule of Expenditures of State Assistance	
90	Notes to the Schedule of Expenditures of Federal and State Awards	
91	Schedule of Findings and Questioned Costs	
93	Summary Schedule of Prior Audit Findings for the Fiscal Year Ended December 31, 2023	
94	General Comments	



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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Northwest Bergen County Utilities Authority
County of Bergen
Waldwick, New Jersey

Report on the Financial Statements

Modified Opinion

We have audited the accompanying statements of net position of the Northwest Bergen County Utilities Authority as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, 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 the "*Basis for Modified Opinion*" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwest Bergen County Utilities Authority as of December 31, 2023, 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 other post-employment benefit obligation and net pension obligation, deferred outflow, accounts payable, and deferred inflow accounts to a measurement date acceptable under current accounting standards for the year ended December 31, 2023. Government Accounting Standards Board Statements No. 68 and No. 75 require a state or local government employer to recognize a net pension liability and other post-employment benefit obligation 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. As discussed in Note 17, the financial statements as of December 31, 2022 have been updated to reflect the current measurement dates of the pension obligation as required by GASB 68 and the OPEB obligation as required by GASB 75.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 Northwest Bergen County Utilities 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 Responsibility for the Audit of the Financial Statements

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

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

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



- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northwest Bergen County Utilities 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, schedule of funding progress for the OPEB plan, schedule of employer contributions to the OPEB plan, and schedule of Authority contributions as 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 who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, 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, 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2024 on our consideration of the Northwest Bergen County Utilities 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 Northwest Bergen County Utilities Authority's internal control over financial reporting and compliance.

Very truly yours,

Wielkottz & Company, LLC

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

April 10, 2024



Required Supplementary Information - Part I

Management Discussion and Analysis

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS **UNAUDITED**

As management of the Northwest Bergen County Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the years ended December 31, 2023 and 2022. 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 of resources exceeded its liabilities and deferred inflows of resources by \$35,121,190 (net position) for the year reported. This compares to the previous period when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,041,240, as restated.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$39,821,686 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net position of \$11,974,705 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$(16,675,201) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority decreased by \$1,157,230 to \$44,323,352 during the year ended December 31, 2023.

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

nature and amounts of investments in resources (assets), the consumption of net position that is applicable to a future period (deferred outflows of resources), the acquisition of net position 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.

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 years 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 those assets. The reader can think of the Authority's net position – the difference between assets and deferred outflows of resources and 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.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(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 December 31, 2023 was \$35,121,190. This is a \$2,079,950 increase over last period's restated net position of \$33,041,240. A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position

	<u>Dec. 31, 2023</u>	<u>Restated Dec. 31, 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	21,406,294	20,787,943	618,351	2.97
Non-Current Assets	<u>63,821,987</u>	<u>63,592,521</u>	<u>229,466</u>	0.36
Total Assets	<u>85,228,281</u>	<u>84,380,464</u>	<u>847,817</u>	1.00
Deferred Outflows of Resources	<u>4,339,148</u>	<u>4,382,472</u>	<u>(43,324)</u>	(0.99)
Current Liabilities	5,771,164	4,739,898	1,031,266	21.76
Non-Current Liabilities	<u>38,552,188</u>	<u>40,740,684</u>	<u>(2,188,496)</u>	(5.37)
Total Liabilities	<u>44,323,352</u>	<u>45,480,582</u>	<u>(1,157,230)</u>	(2.54)
Deferred Inflows of Resources	<u>10,122,887</u>	<u>10,241,114</u>	<u>(118,227)</u>	(1.15)
Net Investment in Capital Assets	39,821,686	37,778,596	2,043,090	5.41
Restricted	11,974,705	11,723,928	250,777	2.14
Unrestricted	<u>(16,675,201)</u>	<u>(16,461,284)</u>	<u>(213,917)</u>	1.30
Total Net Position	<u>35,121,190</u>	<u>33,041,240</u>	<u>2,079,950</u>	6.30

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Net Position (Continued)

A summary of the Authority's prior year statement of net position is presented with comparative FY 2022 balances in the following table. This comparison has not been restated to reflect the changes required by GASB Statement No. 68 or 75.

Condensed Statement of Net Position

	<u>Dec. 31, 2022</u>	<u>Restated Dec. 31, 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	22,787,943	22,706,847	81,096	0.36
Non-Current Assets	<u>63,592,521</u>	<u>62,573,575</u>	<u>1,018,946</u>	1.63
Total Assets	<u>86,380,464</u>	<u>85,280,422</u>	<u>1,100,042</u>	1.29
Deferred Outflows of Resources	<u>3,923,322</u>	<u>3,966,645</u>	<u>(43,323)</u>	(1.09)
Current Liabilities	4,606,512	10,639,483	(6,032,971)	(56.70)
Non-Current Liabilities	<u>40,499,452</u>	<u>36,173,757</u>	<u>4,325,695</u>	11.96
Total Liabilities	<u>45,105,964</u>	<u>46,813,240</u>	<u>(1,707,276)</u>	(3.65)
Deferred Inflows of Resources	<u>11,592,736</u>	<u>11,593,491</u>	<u>(755)</u>	(0.01)
Net Investment in Capital Assets	37,778,596	35,718,814	2,059,782	5.77
Restricted	11,723,928	10,610,288	1,113,640	10.50
Unrestricted	<u>(17,897,438)</u>	<u>(15,488,766)</u>	<u>(13,618,793)</u>	87.93
Total Net Position	<u>31,605,086</u>	<u>30,840,336</u>	<u>764,750</u>	2.48

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(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**

	<u>Dec. 31, 2023</u>	<u>Restated Dec. 31, 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	16,840,661	16,109,230	731,431	4.54
Non-operating Revenues	<u>670,350</u>	<u>190,011</u>	<u>480,339</u>	252.80
Total Revenues	<u>17,511,011</u>	<u>16,299,241</u>	<u>1,211,770</u>	7.43
Depreciation	2,593,672	2,722,203	(128,531)	(4.72)
Other Operating Expense	12,486,153	12,380,238	105,915	0.86
Other Non-operating Expense	<u>351,236</u>	<u>432,050</u>	<u>(80,814)</u>	(18.70)
Total Expenses	<u>15,431,061</u>	<u>15,534,491</u>	<u>(103,430)</u>	(0.67)
Change in Net Position	2,079,950	764,750	1,315,200	171.98
Net Position, January 1	<u>33,041,240</u>	<u>32,276,490</u>	<u>764,750</u>	2.37
Net Position, December 31	<u>35,121,190</u>	<u>33,041,240</u>	<u>2,079,950</u>	6.30

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Net Position (Continued)

A summary of the Authority's prior year statement of revenues, expenses and change in net position is presented with comparative 2022 figures in the following table. This comparison has not been restated to reflect the changes required by GASB Statement No. 68 or 75.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position**

	<u>Dec. 31, 2022</u>	<u>Restated Dec. 31, 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	16,109,230	15,834,660	274,570	1.73
Non-operating Revenues	<u>190,011</u>	<u>96,308</u>	<u>93,703</u>	97.30
Total Revenues	<u>16,299,241</u>	<u>15,930,968</u>	<u>368,273</u>	2.31
Depreciation	2,722,203	2,524,722	197,481	7.82
Other Operating Expense	12,380,238	11,131,487	1,248,751	11.22
Other Non-operating Expense	<u>432,050</u>	<u>389,083</u>	<u>42,967</u>	11.04
Total Expenses	<u>15,534,491</u>	<u>14,045,292</u>	<u>1,489,199</u>	10.60
Change in Net Position	764,750	1,885,676	(1,120,926)	(59.44)
Net Position, January 1	<u>30,840,336</u>	<u>28,954,660</u>	<u>1,885,676</u>	6.51
Net Position, December 31	<u>31,605,086</u>	<u>30,840,336</u>	<u>764,750</u>	2.48

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

Budgetary Highlight

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.

The following tables provides a budget comparison:

Budget vs. Actual - 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	15,892,780	16,840,661	947,881
Non-Operating	<u>40,000</u>	<u>595,447</u>	<u>555,447</u>
	<u>15,932,780</u>	<u>17,436,108</u>	<u>1,503,328</u>
Expenses:			
Operating	13,419,200	12,605,029	814,171
Non-Operating	<u>2,513,580</u>	<u>2,512,050</u>	<u>1,530</u>
	<u>15,932,780</u>	<u>15,117,079</u>	<u>815,701</u>
Income Before Depreciation	<u>0</u>	<u>2,319,029</u>	<u>2,319,029</u>

Budget vs. Actual - 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	14,984,857	16,109,230	1,124,373
Non-Operating	<u>40,000</u>	<u>115,108</u>	<u>(2,070)</u>
	<u>15,024,857</u>	<u>16,224,338</u>	<u>1,199,481</u>
Expenses:			
Operating	12,289,635	12,390,779	(101,144)
Non-Operating	<u>2,735,222</u>	<u>3,003,976</u>	<u>(268,754)</u>
	<u>15,024,857</u>	<u>15,394,755</u>	<u>(369,898)</u>
Income Before Depreciation	<u>0</u>	<u>829,583</u>	<u>829,583</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2023, the Authority had invested \$139,842,446 in capital assets. The Authority's net property, plant and equipment at fiscal year end was \$63,821,987. This is an increase of 229,466 over last year's net property, plant and equipment of \$63,592,521. A summary of the Authority's capital assets is presented in the following table:

Capital Assets

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Dollar Change</u>
Land	1,372,226	1,372,226	0
Treatment Plant and Collection System	121,385,100	118,551,930	2,833,170
Plant and Equipment	<u>17,085,120</u>	<u>16,941,993</u>	<u>143,127</u>
Total Property, Plant and Equipment	139,842,446	136,866,149	2,976,297
Less: Accumulated Depreciation	<u>(80,037,454)</u>	<u>(77,443,782)</u>	<u>(2,593,672)</u>
	59,804,992	59,422,367	382,625
Construction in Progress	<u>4,016,995</u>	<u>4,170,154</u>	<u>(153,159)</u>
Net Property, Plant and Equipment	<u><u>63,821,987</u></u>	<u><u>63,592,521</u></u>	<u><u>229,466</u></u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

(continued)

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

Wastewater Treatment:

Vehicle Storage Building	\$5,000,000
Cake Receiving Facility	4,900,000
Incinerator Repairs	3,100,000
Update Solar Generating System	1,000,000
Replace Secondary Slide Gates	2,000,000
Utility Vehicle	250,000
Collection System Gravity Main Repairs	500,000
Force Main Repairs (S340700-19)	1,500,000
Collection System Expansion - Oakland	7,600,000
Replace Final Clarifiers	20,500,000
Replace Plant Water Line	<u>150,000</u>
	<u><u>\$46,500,000</u></u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED (continued)

Debt Administration

At December 31, 2023, the Authority had outstanding New Jersey Infrastructure Bank bonds and revenue refunding bonds in the amount of \$21,858,420. The debt service schedules goes out to 2041. Full details of the specific bond issues outstanding are found in Note 6 to the financial statements and the supplementary schedules. The Authority also had \$1,445,530 in temporary financing through the New Jersey Infrastructure Bank (formally the "NJEIT").

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 Northwest Bergen County Utilities Authority, 30 Wyckoff Avenue, P.O. Box 255, Waldwick, New Jersey 07463.

Financial Statements

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>Restated 2022</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted:		
Cash and Cash equivalents	\$ 7,081,214	\$ 7,382,347
Accounts Receivable	407,254	369,448
Intergovernmental Receivable	3,096	3,096
Inventory	1,023,856	904,980
Prepaid Items	154,159	153,353
	<u>8,669,579</u>	<u>8,813,224</u>
Total Unrestricted Assets		
Restricted:		
Project Construction Fund (NJIB)		
Loan Receivable-NJIB	631,927	100,000
Operation Account		
Cash and Cash Equivalents	3,447,270	3,311,653
Accrued Interest Receivable	132,645	43,147
Bond/Loan Service Account		
Cash and Cash Equivalents	1,323,192	1,318,238
Bond/Loan Reserve Account		
Cash and Cash Equivalents	720,100	720,100
Renewal and Replacement Account		
Cash and Cash Equivalents	6,481,581	6,481,581
	<u>12,736,715</u>	<u>11,974,719</u>
Total Restricted Assets		
Total Current Assets	<u>21,406,294</u>	<u>20,787,943</u>
Capital Assets:		
Land	1,372,226	1,372,226
Construction in Progress	4,016,995	4,170,154
Treatment Plant and Collection System	121,385,100	118,551,930
Property and Equipment	17,085,120	16,941,993
Less: Accumulated Depreciation	(80,037,454)	(77,443,782)
	<u>63,821,987</u>	<u>63,592,521</u>
Total Capital Assets (net of accumulated depreciation)		
TOTAL ASSETS	<u>85,228,281</u>	<u>84,380,464</u>

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	Restated 2022
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Savings on Refunding	\$ 43,323	\$ 86,647
Deferred Outflows Related to Pensions	1,447,780	1,447,780
Deferred Outflows Related to OPEB	2,848,045	2,848,045
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,339,148	4,382,472
<u>LIABILITIES</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 464,312	\$ 457,497
Accounts Payable - Pension Related	734,600	734,600
Escrow Deposits Payable	5,000	5,000
Unearned Revenues	18,260	2,000
Other Liabilities	116,143	123,974
Total Current Liabilities Payable from Unrestricted Assets	1,338,315	1,323,071
Payable from Restricted Assets:		
Accounts Payable - Construction	613,712	157,772
Revenue Bonds and Loans Payable	2,243,524	2,194,661
NJIB/NJEIT Notes Payable	1,445,530	913,603
Accrued Interest on Bonds and Loans	130,083	150,791
Total Current Liabilities Payable from Restricted Assets	4,432,849	3,416,827
Non-Current Liabilities		
Revenue Bonds and Loans Payable	19,614,896	21,858,420
Accrued Compensated Absences	244,183	189,155
Net Pension Obligation	7,901,788	7,901,788
Net OPEB Obligation	10,791,321	10,791,321
Total Non-Current Liabilities	38,552,188	40,740,684
TOTAL LIABILITIES	\$ 44,323,352	\$ 45,480,582

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>Restated 2022</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows:		
Deferred Savings on Refunding	\$ 99,876	\$ 113,254
Deferred Inflows Related to Pensions	2,925,410	2,925,410
Deferred Inflows Related to OPEB	6,439,588	6,439,588
Unamortized Premiums	<u>658,013</u>	<u>762,862</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>10,122,887</u>	<u>10,241,114</u>
 NET POSITION		
Net Investment in Capital Assets	39,821,686	37,778,596
Restricted:		
Operating Reserve Fund	3,579,915	3,354,800
Bond / Loan Service Fund	1,193,109	1,167,447
Bond / Loan Reserve Fund	720,100	720,100
Renewal and Replacement Fund	6,481,581	6,481,581
Unrestricted		
Designated for Capital Improvements	4,042,347	4,042,347
Undesignated	<u>(20,717,548)</u>	<u>(20,503,631)</u>
TOTAL NET POSITION	<u>\$ 35,121,190</u>	<u>\$ 33,041,240</u>

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

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	Restated 2022
Operating Revenue:		
Member Service Fees	\$ 14,122,780	\$ 13,729,857
Sewer Connection Fees	533,467	545,405
Discharge Fees	8,540	1,800
Industrial Pretreatment Program	24,820	25,960
Outside Sludge	1,859,981	1,557,270
Collection System	106,905	99,122
Solar Renewable Energy Certificates	130,200	114,767
Miscellaneous	53,968	35,049
Total Operating Revenue	<u>16,840,661</u>	<u>16,109,230</u>
Operating Expenses:		
Administrative and Executive:		
Salaries & Wages	525,095	876,337
Fringe Benefits	499,013	438,205
Other Expenses	743,736	753,129
Cost of Services:		
Salaries & Wages	3,284,273	3,306,567
Fringe Benefits	2,389,687	2,152,871
Other Expenses	5,044,349	4,853,129
Depreciation Expense	2,593,672	2,722,203
Total Operating Expenses	<u>15,079,825</u>	<u>15,102,441</u>
Operating Income	<u>1,760,836</u>	<u>1,006,789</u>
Non-Operating Revenue (Expenses):		
Interest Income	595,447	115,108
Interest Expense	(317,389)	(347,252)
Amortization Expense	74,903	74,903
Costs of Issuance Expense		(84,798)
Allendale Billing Adjustment	(33,847)	
Non-Operating Income (Loss)	<u>319,114</u>	<u>(242,039)</u>
Change In Net Position	2,079,950	764,750
Total Net Position - January 1,	<u>33,041,240</u>	<u>32,276,490</u>
Total Net Position - December 31,	<u><u>\$ 35,121,190</u></u>	<u><u>\$ 33,041,240</u></u>

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

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>Restated 2022</u>
Cash Flows from Operating Activities:		
Cash Received from Members	\$ 14,088,933	\$ 13,729,857
Cash Received from Other Operating Fees	2,642,367	2,294,762
Cash Paid to Suppliers	(8,797,483)	(8,201,922)
Cash Paid to Employees	(3,754,340)	(4,296,262)
Cash Received from Miscellaneous Fees	53,968	35,049
	<u>4,233,445</u>	<u>3,561,484</u>
Cash Flow from Capital and Related Financing Activities:		
Proceeds from NJEIT Loans Receivable		1,052,986
Bond Principal Paid	(2,194,661)	(2,056,724)
Payment of Debt Issuance Costs		
Interest Paid - Bonds and Loans	(338,097)	(309,920)
Acquisition of Fixed Assets	(2,367,198)	(3,788,142)
	<u>(4,899,956)</u>	<u>(5,101,800)</u>
Cash Flows from Investing Activities:		
Interest Received	505,949	74,363
	<u>505,949</u>	<u>74,363</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(160,562)	(1,465,953)
Cash and Cash Equivalents, January 1,	<u>19,213,919</u>	<u>20,679,872</u>
Cash and Cash Equivalents December, 31,	<u><u>\$ 19,053,357</u></u>	<u><u>19,213,919</u></u>
Analysis of Balance at December 31,		
Unrestricted - Cash and Cash Equivalents	7,081,214	7,382,347
Restricted - Cash and Cash Equivalents	11,972,143	11,831,572
	<u><u>19,053,357</u></u>	<u><u>19,213,919</u></u>

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

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>Restated 2022</u>
Operating Income	\$ 1,760,836	\$ 1,006,789
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation Expense	2,593,672	2,722,203
Allendale Billing Adjustment	(33,847)	
(Increase)/Decrease in Accounts Receivable	(37,806)	(42,322)
(Increase)/Decrease in Inventory	(118,876)	(10,541)
(Increase)/Decrease in Prepaid Items	(806)	(27,960)
Increase/(Decrease) in Accounts Payable	6,815	(18,677)
Increase/(Decrease) in Accrued Compensated Absences	55,028	(113,358)
Increase/(Decrease) in Other Liabilities	(7,831)	52,590
Increase/(Decrease) in Unearned Revenue	16,260	(7,240)
Total Adjustments	<u>2,472,609</u>	<u>2,554,695</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,233,445</u>	<u>\$ 3,561,484</u>

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

Notes to Financial Statements

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS **FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

1. GENERAL

The Northwest Bergen County Utilities Authority, successor agency to the Northwest Bergen County Sewer Authority, a public body corporate and politic of the State of New Jersey, was created pursuant to the laws of the State of New Jersey, Chapter 123, P.L. 1946 (as amended and supplemented by N.J.S.A. 40:14B-1) by virtue of a resolution of the Board of Chosen Freeholders of the County of Bergen (the “County”) adopted July 23, 1952. The Authority commenced operations in 1969 by providing wastewater collection and treatment services to six municipalities. Currently, the Authority provides wastewater collection and treatment services to ten municipalities.

The Authority operates under the provisions of the Municipal and County Utilities Authorities Law (the “Act”) and has broad powers under the Act including, among others, the following: to retain, operate and administer its property; to provide for bonds and to secure their payment and rights of holders thereof; to charge and collect service charges for the use of its facilities and to revise such service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay the principal of and the interest on any bonds or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority is governed by a Board of Commissioners (the “Board”) consisting of nine members, each of whom is appointed by the Bergen County Executive with the advice and consent of the Board of Commissioners. The Act provides that alternate Commissioners may be appointed. In addition, the County Executive has veto power over the actions of the Board of Commissioners. An Executive Director is appointed by the Board and functions as Chief Executive Officer responsible for the daily operations of the Authority. The Authority would be includable as a component unit of the County of Bergen.

Component units are legally separate organizations for which the Authority is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization’s board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization’s resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

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 Northwest Bergen County Utilities Authority have been prepared in accordance with generally accepted accounting principles (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 Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The significant of the Authority's accounting policies are described below.

On January 1, 2013, 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 asset 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:

- *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 net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

- *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 Northwest Bergen County Utilities 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. Grants

Contributions received from Federal and State grants are recorded in the period received. Grants externally restricted for non-operating purposes are recorded as a change in invested in capital assets, net of related debt.

D. Prepaid Items

Certain payments to vendors affect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

E. Accounts Receivable

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Inventory

The Authority utilizes the consumption method of accounting for inventories whereas they report the inventories they purchase as an asset and defer the recognition of an expenditure until the period in which the inventories are actually consumed.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G. Property, Plant and Equipment

Property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

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

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

Treatment Plant	40 years
Collection System	40 years
Pumping Stations	40 years
Machinery 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 net position.

H. Restricted Accounts

Under the Bond Resolution dated December 19, 1972 and the Trust Indenture dated September 1, 1984, the following funds are required to be created and held by the Authority's Trustee:

- A) Revenue Fund
- B) Operating Fund
- C) Bond Service Fund
- D) Bond (Loan) Reserve Fund
- E) Renewal and Replacement Fund
- F) General Fund
- G) Construction Fund

Each of the above funds represents separate accounts held by a trustee. In addition to the funds listed above, the Authority maintains an Operating Account and General Improvement Account, which is held by the Authority.

In accordance with the bond resolution, as amended and supplemented, the Authority has established the following cash and investment accounts for the deposit of all revenue received by the Authority:

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

H. Restricted Accounts, (continued)

Project Construction Fund Account – To account for all financial resources received by the Authority for the payment of costs related to the construction, acquisition or restoration of the systems. All moneys in the Construction Fund Account are hereby pledged pending their application to other purposes or disbursement or transfer to other funds, to secure the payment of the principal or redemption price of and interest on bonds.

Operating Fund Account – To account for the payment of all operating costs of the Authority.

Bond/Loan Service Fund Account – To account for the accumulation of resources for the payment of principal and interest due during the current fiscal year on outstanding bonds and loans.

Bond/Loan Reserve Fund Account – To account for funds held in accordance with the Bond Resolution to meet the Bond Reserve requirement, an amount which is equal to the maximum annual debt service on outstanding bonds. Also, New Jersey Wastewater Trust required an amount which is equal to the maximum annual debt service on outstanding loans.

Renewal and Replacement Fund Account – To account for the accumulation of resources to meet the renewal and replacement reserve requirement, as certified by the Authority’s consulting engineers, in accordance with the Bond Resolution. The Trustee can withdraw from this fund, upon a certification of the consulting engineers, for the use of reasonable and necessary expenses of the Authority with respect to making of improvements, constructions, reconstructions, replacements, modifications, renewals, major repairs or maintenance or other items not recurring annually or at shorter intervals with respect to the system or any portion thereof. If on any payment date there are insufficient monies in the bond service account and the bond reserve account to pay interest or a principal installment on any bonds when due and the Authority has exhausted the General Account, the Authority has just cause to use monies from the Renewal and Replacement Fund sufficient to pay the interest and/or principal payments when due.

I. Allowance for Doubtful Accounts

The Authority has not established an allowance for doubtful accounts.

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 Authority after legal advertisement and public hearing.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Use of Estimates

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

L. Deferred Outflows and Deferred Inflows of Resources

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

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

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

Deferred Loss/Savings on Refunding of Bonds - Deferred loss/savings on refunding arising from the issuance of revenue refunding bonds, is recorded as a deferred outflow/inflow of resources. The deferred loss/savings are amortized in a systematic and rational method as a component of interest expense.

Bond Discounts/Bond Premiums - Bond discounts/bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in a systematic and rational method, from the issue date to maturity as a component of interest expense.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

O. Net Position

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets 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.

P. Recent Accounting Pronouncements

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Recent Accounting Pronouncements, (continued)

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

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 Commission is determining what effects, if any, this pronouncement will have on future financial statements.

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NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes change funds, petty cash, amounts in deposits, and short term investments with original maturities of three months or less.

As of December 31, 2023 and 2022, cash and cash equivalents of the Northwest Bergen County Utilities Authority consisted of the following:

	<u>2023</u>	<u>2022</u>
Checking and Savings Accounts	\$3,178,865	\$4,651,021
Short Term Money Market Accounts	<u>15,874,492</u>	<u>14,562,898</u>
	<u>\$19,053,357</u>	<u>\$19,213,919</u>
Restricted Accounts	\$11,972,143	\$11,831,572
Unrestricted Accounts	<u>7,081,214</u>	<u>7,382,347</u>
	<u>\$19,053,357</u>	<u>\$19,213,919</u>

Custodial Credit Risk – Deposits

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures 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 December 31, 2023 and 2022, \$-0- of the Authority's bank balances were exposed to custodial risk.

Investments

The Authority is required by its Bond Resolutions and Trust Indenture to maintain each of its investments in the Fund (account) in which the investment is made. In all accounts, except the operating account, the securities and the underlying collateral are held by the Bond Trustees and are within their care, custody and control. The type, quality and length of time of investment are regulated by the Bond Resolution and Trust Indenture.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments, (continued)

Under the Authority's Bond Resolution and Trust Indenture, the following investments are permitted:

- (a) Any direct and general obligation of, or any obligation fully and unconditionally guaranteed by the United States of America;
- (b) Any bond, debenture, note or other evidence of indebtedness issued by any of the following Federal agencies: Government National Mortgage Association, Federal Home Loan Bank, Tennessee Valley Authority, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;
- (c) Any other bond, debenture, note or other evidence of indebtedness issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association;
- (d) Any Public Housing Bond issued by any Public Housing Authority and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contribution Contract or Contracts with the United States of America; or any Project Note issued by any Public Housing Authority or Local Public Agency, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (e) Direct and general obligations of (i) the State of New Jersey, or (ii) of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
- (f) Interest-bearing time deposits or negotiable certificates of deposit issued by any bank, trust company, or savings and loan institution organized under the laws of the United States, any state of the United States of America, or any national banking association (including the Trustee), provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, or (2) at any one time do not exceed, in the aggregate, five percent (5%) of the total capital stock, surplus and undivided earnings of any such bank, trust company, national banking association, or savings and loan institution or (3) continuously and fully secured by such securities as are described above in clauses (a) through (d) which are legal for investment under the laws of the State of New Jersey for funds of the Authority, and

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments, (continued)

which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee Bonds shall be entitled to rely on each such undertaking; and

- (g) Any repurchase with (i) any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee) or (ii) with a Government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which repurchase agreement is secured by any one or more of the securities described in clauses (a) through (c) above.

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

Custodial Credit Risk – Investments

For an investment, this is the risk, that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Authority does not have a policy for custodial risk. As of December 31, 2023 and 2022, \$-0- of the Authority's investments were exposed to custodial credit risk.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investment maturities to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or the local unit or school districts of which the local unit is part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; local government investment pools; or repurchase of fully collateralized securities.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer.

4. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

The Authority issued bonds through the New Jersey Environmental Infrastructure Trust to finance various improvements to facilities and infrastructure. The proceeds of these bonds are held by the Trust until the Authority expends funds on the respective 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>2023</u>	<u>Balance Dec. 31, 2022</u>	<u>New Financing</u>	<u>Funds/Credits Received</u>	<u>Balance Dec. 31, 2023</u>
Series 2019D:				
Trust Portion	\$50,000	\$265,963		\$315,963
Fund Portion	<u>50,000</u>	<u>265,964</u>	<u> </u>	<u>315,964</u>
	<u>\$100,000</u>	<u>\$531,927</u>	<u>\$0</u>	<u>\$631,927</u>

<u>2022</u>	<u>Balance Dec. 31, 2021</u>	<u>New Financing</u>	<u>Funds/Credits Received</u>	<u>Balance Dec. 31, 2022</u>
Series 2019A:				
Trust Portion	143,629		143,629	0
Fund Portion	430,980		430,980	0
Series 2019D:				
Trust Portion	50,000			50,000
Fund Portion	<u>50,000</u>	<u> </u>	<u> </u>	<u>50,000</u>
	<u>\$674,609</u>	<u>\$0</u>	<u>\$574,609</u>	<u>\$100,000</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

5. PROPERTY, PLANT AND EQUIPMENT

Reference is made to Note 2 for information related to property. A summary of property, plant and equipment for the years ended December 31, 2023 and 2022 is as follows:

<u>2023</u>	<u>Balance Dec. 31, 2022</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance Dec. 31, 2023</u>
Capital Assets, Not Being Depreciated:				
Land	\$1,372,226	\$	\$	\$1,372,226
Construction in Progress	<u>4,170,154</u>	<u>2,823,138</u>	<u>2,976,297</u>	<u>4,016,995</u>
Total Capital Assets, Not Being Depreciated	<u>5,542,380</u>	<u>2,823,138</u>	<u>2,976,297</u>	<u>5,389,221</u>
Capital Assets, Being Depreciated:				
Treatment Plant and Collection System	118,551,930	2,833,170		121,385,100
Property and Equipment	<u>16,941,993</u>	<u>143,127</u>		<u>17,085,120</u>
Total Capital Assets Being Depreciated	135,493,923	2,976,297	0	138,470,220
Less: Accumulated Depreciation	<u>(77,443,782)</u>	<u>(2,593,672)</u>	<u>0</u>	<u>(80,037,454)</u>
Total Capital Assets, Being Depreciated, Net	<u>58,050,141</u>	<u>382,625</u>	<u>0</u>	<u>58,432,766</u>
Capital Assets, Net	<u>\$63,592,521</u>	<u>\$3,205,763</u>	<u>\$2,976,297</u>	<u>\$63,821,987</u>
<u>2022</u>	<u>Balance Dec. 31, 2021</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance Dec. 31, 2022</u>
Capital Assets, Not Being Depreciated:				
Land	\$1,372,226	\$	\$	\$1,372,226
Construction in Progress	<u>15,112,287</u>	<u>3,741,149</u>	<u>14,683,282</u>	<u>4,170,154</u>
Total Capital Assets, Not Being Depreciated	<u>16,484,513</u>	<u>3,741,149</u>	<u>14,683,282</u>	<u>5,542,380</u>
Capital Assets, Being Depreciated:				
Treatment Plant and Collection System	104,580,298	13,971,632	0	118,551,930
Property and Equipment	<u>16,230,343</u>	<u>711,650</u>	<u>0</u>	<u>16,941,993</u>
Total Capital Assets Being Depreciated	120,810,641	14,683,282	0	135,493,923
Less: Accumulated Depreciation	<u>(74,721,579)</u>	<u>(2,722,203)</u>	<u>0</u>	<u>(77,443,782)</u>
Total Capital Assets, Being Depreciated, Net	<u>46,089,062</u>	<u>11,961,079</u>	<u>0</u>	<u>58,050,141</u>
Capital Assets, Net	<u>\$62,573,575</u>	<u>\$15,702,228</u>	<u>\$ 0</u>	<u>\$63,592,521</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

6. BONDS AND LOANS PAYABLE

The Authority has the following bonds and loans outstanding as of December 31, 2023 and 2022:

	Balance Dec. 31, 2022	<u>Issued</u>	Retirements/ Repayments	Balance Dec. 31, 2023
Series 2010B NJ Environmental Infrastructure Loan	\$1,453,049	\$	\$176,000	\$1,277,049
Series 2012A NJ Environmental Infrastructure Loan	952,290		109,880	842,410
Series 2014A NJ Environmental Infrastructure Loan	288,333		29,618	258,715
Series 2015 NJ Environmental Infrastructure Loan	4,999,532		423,442	4,576,090
Series 2016A Utility System Revenue Refunding Bonds	1,350,000		660,000	690,000
Series 2018A NJ Environmental Infrastructure Loan	1,854,412		106,911	1,747,501
Series 2020C NJ Environmental Infrastructure Loan	1,065,304		102,373	962,931
Series 2021 A-2 NJ Environmental Infrastructure Loan	5,456,447		267,131	5,189,316
Series 2022 A-1 NJ Environmental Infrastructure Loan	<u>6,633,714</u>		<u>319,306</u>	<u>6,314,408</u>
	<u>\$24,053,081</u>	<u>\$0</u>	<u>\$2,194,661</u>	<u>\$21,858,420</u>
Due Within One Year	2,194,661			2,243,524
Long-Term Debt	<u>21,858,420</u>			<u>19,614,896</u>
	<u>\$24,053,081</u>			<u>\$21,858,420</u>

Presented below is a summary of debt service requirements to maturity:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	2,243,524	269,274	2,512,798
2025	1,577,305	233,075	1,810,380
2026	1,591,006	211,174	1,802,180
2027	1,613,623	189,225	1,802,848
2028	1,637,308	168,353	1,805,661
2029-2033	7,177,909	526,867	7,704,776
2034-2038	4,090,576	193,341	4,283,917
2039-2041	<u>1,927,169</u>	<u>27,800</u>	<u>2,750,055</u>
	<u>\$21,858,420</u>	<u>\$1,819,109</u>	<u>\$23,677,529</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2010B Environmental Infrastructure Bonds

The Series 2010B Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding an incinerator upgrade. In 2015, the project was completed and the remaining portion of the loan was deobligated and used to defease or portion of the bonds payable. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2024	86,000	33,405	90,000	209,405
2025	91,000	29,105	90,000	210,105
2026	96,000	24,555	90,000	210,555
2027	100,000	19,755	90,000	209,755
2028	109,000	15,255	90,000	214,255
2029	113,000	10,350	90,000	213,350
2030	117,000	5,265	25,049	147,314
	<u>\$712,000</u>	<u>\$137,690</u>	<u>\$565,049</u>	<u>\$1,414,739</u>

Series 2012A Environmental Infrastructure Bonds

The Series 2012A Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding the Franklin Lakes sewer project. On June 17, 2020, the Authority refunded \$1,225,000 of the 2012A Trust Portion of the bonds with the Series 2020C-R1 Environmental Infrastructure Refunding Bonds as described in Note 6. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	
2024	109,880	109,880
2025	109,879	109,879
2026	109,880	109,880
2027	109,880	109,880
2028	109,880	109,880
2029	109,879	109,879
2030	109,879	109,879
2031	73,253	73,253
	<u>\$842,410</u>	<u>\$842,410</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2014A Environmental Infrastructure Bonds

The Series 2014A Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding the Franklin Lakes sewer project. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2024	15,000	5,475	14,619	35,094
2025	15,000	4,725	14,619	34,344
2026	15,000	4,275	14,618	33,893
2027	15,000	3,825	14,619	33,444
2028	15,000	3,375	14,619	32,994
2029	15,000	2,925	14,618	32,543
2030	20,000	2,475	1,003	23,478
2031	20,000	1,875		21,875
2032	20,000	1,275		21,275
2033	20,000	650		20,650
	<u>\$170,000</u>	<u>\$30,875</u>	<u>\$88,715</u>	<u>\$289,590</u>

Series 2015 Environmental Infrastructure Bonds

The Series 2015 Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for Authority projects. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2024	100,000	56,950	328,442	485,392
2025	105,000	51,950	328,441	485,391
2026	110,000	46,700	328,442	485,142
2027	115,000	41,200	328,442	484,642
2028	115,000	36,600	328,441	480,041
2029	120,000	32,000	328,442	480,442
2030	125,000	27,200	328,441	480,641
2031	130,000	22,200	328,441	480,641
2032	135,000	17,000	328,441	480,441
2033	140,000	11,600	275,117	426,717
2034	150,000	6,000	-0-	156,000
	<u>\$1,345,000</u>	<u>\$349,400</u>	<u>\$3,231,090</u>	<u>\$4,925,490</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2016A Utility System Revenue Refunding Bonds

The Series 2016A Utility System Revenue Refunding Bonds were issued to: (i) refund, on an advanced basis, the outstanding callable Utility System Revenue Bonds, Series 2009A, maturing on July 15, in each of the years 2020 through 2024, inclusive, in the aggregate principal amount of \$3,220,000; (ii) fund the Bond Reserve requirement, if any, and (iii) finance cost of issuance to be incurred in connection therewith through the issuance of its Utility System Revenue Refunding Bonds, 2016 Series A.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>690,000</u>	<u>30,100</u>	<u>720,100</u>
	<u>\$690,000</u>	<u>\$30,100</u>	<u>\$720,100</u>

Series 2018 Environmental Infrastructure Bonds

The Series 2018 Environmental Infrastructure Bonds were issued through the New Jersey Infrastructure Bank (formerly the New Jersey Environmental Infrastructure Trust) for Authority projects. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2024	25,000	20,200	86,911	132,111
2025	25,000	18,950	86,911	130,861
2026	25,000	17,700	86,911	129,611
2027	25,000	16,450	86,911	128,361
2028	30,000	15,200	86,911	132,111
2029	30,000	14,000	86,911	130,911
2030	30,000	12,800	86,911	129,711
2031	30,000	11,600	86,911	128,511
2032	35,000	10,400	86,911	132,311
2033	35,000	9,000	86,911	130,911
2034	35,000	7,600	86,911	129,511
2035	35,000	6,200	86,911	128,111
2036	40,000	4,800	86,910	131,710
2037	40,000	3,200	86,910	130,110
2038	40,000	1,600	50,749	92,349
	<u>\$480,000</u>	<u>\$169,700</u>	<u>\$1,267,501</u>	<u>\$1,917,201</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2020C-R1 Environmental Infrastructure Refunding Bonds

The Series 2020C-R1 Environmental Infrastructure Refunding Bonds were issued to: (i) refund, on an advanced basis, the outstanding Series 2012A Environmental Infrastructure Bonds, maturing on July 15, in each of the years 2021-2031, inclusive, in the aggregate principal amount of \$1,225,000; (ii) fund the Bond Reserve requirement, if any, and (iii) finance costs of issuance to be incurred in connection therewith through the issuance of its Series 2020C-R1 Environmental Infrastructure Refunding Bonds. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	106,235	32,188	138,423
2025	110,018	27,938	137,956
2026	113,718	23,537	137,255
2027	117,334	18,989	136,323
2028	122,020	15,469	137,489
2029	126,708	11,808	138,516
2030	131,238	8,007	139,245
2031	135,660	4,069	139,729
	<u>\$962,931</u>	<u>\$142,005</u>	<u>\$1,104,936</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2021 A-2 Utility System Subordinated Revenue Bonds

The Series 2021 A-2 Utility System Subordinated Revenue Bonds were issued to: (i) undertake the Utilities System Project, and (ii) pay a portion of the costs of the authorization, issuance, sale and delivery of the 2021 Bonds. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2024	45,000	45,950	222,131	313,081
2025	50,000	43,700	222,131	315,831
2026	50,000	41,200	222,131	313,331
2027	55,000	38,700	222,131	315,831
2028	55,000	35,950	222,131	313,081
2029	65,000	33,200	222,131	320,331
2030	65,000	29,950	222,131	317,081
2031	70,000	26,700	222,131	318,831
2032	70,000	23,200	222,131	315,331
2033	75,000	20,400	222,131	317,531
2034	75,000	18,150	222,131	315,281
2035	75,000	15,900	222,131	313,031
2036	80,000	13,650	222,131	315,781
2037	80,000	11,250	222,131	313,381
2038	85,000	8,850	222,131	315,981
2039	90,000	6,300	222,131	318,431
2040	90,000	3,600	222,131	315,731
2041	90,000	1,800	148,089	239,889
	<u>\$1,265,000</u>	<u>\$418,450</u>	<u>\$3,924,316</u>	<u>\$5,607,766</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

6. BONDS AND LOANS PAYABLE, (continued)

Series 2022 A-1 Environmental Infrastructure Bonds

The Series 2022 A-1 Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for Authority projects. At December 31, 2023, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2024	60,000	68,332	264,306	392,638
2025	65,000	65,330	264,306	394,636
2026	65,000	62,082	264,306	391,388
2027	70,000	58,830	264,306	393,136
2028	75,000	75,332	264,306	414,638
2029	75,000	51,582	264,306	390,888
2030	80,000	47,832	264,306	392,138
2031	85,000	43,830	264,306	393,136
2032	90,000	39,582	264,306	393,888
2033	95,000	35,082	264,306	394,388
2034	100,000	30,332	264,306	394,638
2035	100,000	27,080	264,306	391,386
2036	105,000	23,706	264,306	393,012
2037	110,000	20,162	264,306	394,468
2038	110,000	16,450	264,306	390,756
2039	115,000	12,600	264,306	391,906
2040	120,000	8,576	264,306	392,882
2041	125,000	4,374	176,206	305,580
	<u>\$1,645,000</u>	<u>\$691,094</u>	<u>\$4,669,408</u>	<u>\$7,005,502</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

7. NOTES PAYABLE

	Balance <u>Dec. 31, 2022</u>	<u>Issued</u>	Retirements/ <u>Repayments</u>	Balance <u>Dec. 31, 2023</u>
Temporary Financing S340700-19	\$913,603	\$531,927	\$	\$1,445,530
	<u>\$913,603</u>	<u>\$531,927</u>	<u>\$0</u>	<u>\$1,445,530</u>
Due Within One Year	0			1,445,530
Long-Term Debt	<u>913,603</u>			<u>0</u>
	<u>\$913,603</u>			<u>\$1,445,530</u>

Temporary Financing S340700-19

The Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$1,445,530. This loan will be refunded with long-term bonds issued by the NJIB. This loan has an interest rate of 0.50% on the trust portion principal and 0.00% on the fund portion principal and matured on February 13, 2021. On February 12, 2021, the New Jersey Infrastructure Bank extended the maturity date to June 30, 2024. The interest rate will remain at 0.50% on the trust portion principal and 0.00% on the fund portion principal.

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NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. **PENSION**

Description of Plan - All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Public Employees' Retirement System (PERS) - Established in January 1955, under provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the state or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Defined Contribution Retirement Program (DCRP) - Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by the respective system and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

Funding Status and Funding Progress

The funded status and funding progress of the retirement system is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Employer and Employee Pension Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. PERS employer contributions are made annually by the Authority to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2023 and 2022, the Authority was required to contribute for normal cost pension contributions accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equalized the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>
2023	\$660,280
2022	593,429
2021	585,746

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

Public Employees Retirement System (PERS)

At December 31, 2023 and 2022, the Authority reported a liability of \$7,901,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority has not updated the 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 for the period ended December 31, 2023. Government Accounting Standards Board Statement No. 68 requires 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 and net position has not been determined. 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, 2022, the Authority's proportion was 0.0523596238 percent, which was a decrease of 0.0506720842 percent from its proportion measured as of June 30, 2021.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (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 December 31, 2023, the Authority recognized pension expense of \$(1,311,970). At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2023</u>	Restated <u>2022</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$24,482	\$24,482
Net difference between projected and actual earnings on pension plan investments	384,079	384,079
Changes in proportion and differences between Authority contributions and proportionate share of contributions	304,619	304,619
Authority contributions subsequent to the measurement date	<u>734,600</u>	<u>734,600</u>
Total	<u>\$1,447,780</u>	<u>\$1,447,780</u>
Deferred Inflows of Resources:		
Changes of Assumptions	\$1,183,210	\$1,183,210
Net difference between projected and actual earnings on pension plan investments	50,294	50,294
Changes in proportion and differences between Authority contributions and proportionate share of contributions	488,450	488,450
Deferred pension adjustments	<u>1,203,456</u>	<u>1,203,456</u>
	<u>\$2,925,410</u>	<u>\$2,925,410</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (continued)

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

Public Employees Retirement System (PERS), (continued)

The \$1,447,780 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 December 31, 2023 and 2022, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended December 31, 2023 and 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

	<u>2023</u>	Restated <u>2022</u>
Year ended December 31:		
2023	\$(677,807)	\$(677,807)
2024	(345,320)	(345,320)
2024	(168,406)	(168,406)
2026	367,398	367,398
2027	(807)	(807)

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 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (continued)

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

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at December 31, 2023 and December 31, 2022 are as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Collective deferred outflows of resources	N/A	1,660,772,008
Collective deferred inflows of resources	N/A	3,236,303,935
Collective net pension liability	N/A	15,219,184,920
Authority's Proportion	N/A	0.0523596238%

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

Actuarial Assumptions

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

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (continued)

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

Public Employees Retirement System (PERS), (continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) 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, 2022 are summarized in the following table:

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (continued)

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

Public Employees Retirement System (PERS), (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

8. PENSION, (continued)

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

Public Employees Retirement System (PERS), (continued)

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, 2022 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, 2022		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Authority's proportionate share of the pension liability	\$10,237,455	\$7,901,788	\$6,037,913

Information regarding collective net pension liability as of June 30, 2023 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.state.nj.us/treasury/pensions.

9. POST-RETIREMENT MEDICAL BENEFITS

In addition to the pension benefits described in Note 7, the Authority provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost. On May 13, 2010, the Authority adopted the provisions of N.J.S.A. 52:14-17.38 and adhered to the rules and regulations promulgated by the State Health Benefits Commission to implement the provisions of that law. This resolution affects employees as shown in Chapter 48, P.L. 1999. It is effective on the 1st day of July, 2010.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Chapter 48, P.L. 1999, provides eligible participating local employers considerable flexibility in managing their postretirement medical costs. It also brings State Health Benefits Program (SHBP) and School Employees' Health Benefits Program (SEHBP) eligibility standards for employer-paid coverage into alignment with local government laws.

Adoption of this Resolution does not free the Authority of the obligation to pay for postretirement medical benefits of retirees or employees who qualified for those payments under any Chapter 88 or Chapter 48 Resolution previously adopted by the governing body.

The Resolution will remain in effect until properly amended or revoked with the State Health Benefits Program. The Authority recognizes that, while it remains in the State Health Benefits Program, it is responsible for providing the payment for postretirement medical coverage as listed in the Chapter 48 Resolution Addendum for all employees who qualify for this coverage while this Resolution is in force.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provides they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total OPEB Liability

At December 30, 2023 and 2022, the Authority had a liability of \$10,791,321 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability for 2023 was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2022 the Authority's proportion was 0.066821 percent.

For the year ended June 30, 2022, the Authority recognized OPEB expense of \$89,579. At December 31, 2023 and 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2023</u>	Restated <u>2022</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$1,440,147	\$1,440,147
Change in Proportions	847,782	847,782
Net difference between projected and actual earnings on pension plan investments	560,116	560,116
Total	<u>\$2,848,045</u>	<u>\$2,848,045</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$3,682,870	\$3,682,870
Net difference between projected and actual earnings on pension plan investments	2,000,252	2,000,252
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	756,466	756,466
Total	<u>\$6,439,588</u>	<u>\$6,439,588</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

	<u>2023</u>	Restated <u>2022</u>
Year ended June 30:		
2023	\$(977,846)	\$(977,846)
2024	(978,709)	(978,709)
2025	(772,872)	(772,872)
2026	(345,169)	(345,169)
2027	(77,386)	(77,386)
Thereafter	(530,878)	(530,878)

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 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Salary increases*:

Public Employees' Retirement System (PERS)

Rate for all future years

2.75% to 6.55%
based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years

3.25% to 16.25%
based on years of service

Mortality:

PERS

Pub-2010 General classification headcount weighted
mortality with fully generational mortality improvement
projections from the central year using Scale MP-2021

PFRS

Pub-2010 Safety classification headcount weighted
mortality with fully generational mortality improvement
projections from the central year using Scale MP-2021

* Salary increases are based on the defined benefit plan that the member is enrolled in
and his or her age.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

9. POST-RETIREMENT MEDICAL BENEFITS, (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2022		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Authority's proportionate share of Net OPEB liability	\$12,509,314	\$10,791,321	\$9,409,036

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2022		
	1%	Healthcare Cost	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$9,154,603	\$10,791,321	\$12,887,497

10. COMPENSATED ABSENCES

The Authority accounts for compensated absences (e.g., unused vacation sick leave) as directed by the Governmental Accounting Standards Board. A liability for compensated absences attributable to services rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Authority employees are granted varying amounts of vacation and sick leave in accordance with the Authority's personnel policy and union agreements. Upon termination, employees are paid for accrued vacation. The Authority's policy permits employees to accumulate unused sick leave and carry forward certain amounts to subsequent years. Upon retirement, employees shall be paid by the Authority for the unused sick leave in accordance with the Authority's agreements with the employee union.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

10. COMPENSATED ABSENCES, (continued)

At December 31, 2023 and 2022, compensated absences accrued for Authority employees were \$244,183 and \$189,155, respectively.

11. AMOUNTS REQUIRED BY BOND RESOLUTION AND LOAN AGREEMENTS

The Authority's bond resolutions and loan agreements contain certain covenants that require certain funds to be restricted. The balances required at December 31, 2023 and 2022 were as follows:

Operating Reserve

The Authority's Bond Resolution requires that an operating reserve fund be established in an amount necessary for operating expenses which is consistent with the annual operating budget for the three-month period commencing on the last day of each quarter in any fiscal year and to be transferred within ten days thereafter to the operating account. At December 31, 2023 and 2022, the Authority's operating reserve was \$3,579,915 and \$3,354,800, respectively.

Bond/Loan Service Fund

The Authority's Bond Resolution requires a bond/loan service fund be established in an amount equal to the aggregate of (a) all interest payable on all outstanding bonds plus (b) the principal installment of all bonds outstanding in such a bond year. At December 31, 2023 and 2022, the Authority had reserved the following to meet this requirement:

	<u>2023</u>	<u>2022</u>
Bond Service Fund	\$1,193,109	\$1,167,447
Accrued Interest Payable	<u>130,083</u>	<u>150,791</u>
Cash, Cash Equivalents and Receivables - Reserved	<u>\$1,323,192</u>	<u>\$1,318,238</u>

Bond/Loan Reserve

The Authority's Bond Resolution requires a bond reserve fund be established in an amount equal to the Maximum Aggregate Debt Service, including bonds issued through the 1997 New Jersey Wastewater Trust. At December 31, 2023 and 2022, the Authority held cash, cash equivalents, investments and accrued interest receivable in the amounts of \$720,100 and \$720,100, respectively, to fund this bond/loan reserve requirement.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

11. AMOUNTS REQUIRED BY BOND RESOLUTION AND LOAN AGREEMENTS,
(continued)

Renewal and Replacement Fund

The Authority's Bond Resolution requires that a renewal and replacement reserve fund be established in an amount greater than \$250,000 or an amount certified by a Consulting Engineer in a written certificate filed with the Authority. At December 31, 2023 and 2022, the Authority's renewal and replacement reserve was \$6,481,581 and \$6,481,581, respectively.

12. 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.

13. COMMITMENTS AND CONTINGENCIES

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

14. FEDERAL ARBITRAGE REGULATIONS

The Authority is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. During 2009, the Authority had performed the initial 5-year calculation as required under the 1986 Tax Reform Act to determine if there were any estimated arbitrage earnings due to the IRS. Based upon the initial 5-year calculation performed for the computation period January 13, 2004 through December 31, 2008, there was a liability required to be rebated to the IRS in the amount of \$377,237, which includes \$20,311 of accrued interest liability. The \$377,237 due to the IRS was paid in full by the Authority in May, 2010. During 2013, the Authority had performed the second calculation as required under the 1986 Tax Reform Act to determine if there were any estimated arbitrage earnings due to the IRS. Based upon the second calculation performed for the computation period January 13, 2004 through July 15, 2013, there was a liability required to be rebated to the IRS in the amount of \$352,250. The \$352,250 due to the IRS was paid in full by the

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

14. FEDERAL ARBITRAGE REGULATIONS, (continued)

Authority in September, 2013. During 2014, the Authority has performed the third calculation for the computation period December 4, 2008 through December 4, 2013 which resulted in a liability required to be rebated to the IRS in the amount of \$7,488, which includes \$219 of accrued interest liability. The \$7,488 due to the IRS was paid in full by the Authority in November, 2014. At December 31, 2023, the Authority had no arbitrage earnings due to the IRS.

15. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through April 10, 2024, the date which the financial statements were available to be issued and no other items were noted for disclosure.

16. 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 2022 financial statements:

	Balance 12/31/2022 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 12/31/2022 as Restated
Deferred Outflows of Resources:			
Deferred Pension-Related Costs	\$815,410	\$632,370	\$1,447,780
Liabilities:			
Net Pension Liability	6,002,868	1,898,920	7,901,788
Accounts Payable - Pension-Related	601,214	133,386	734,600
Deferred Inflows of Resources:			
Deferred Pension-Related Inflows	5,570,465	(2,645,055)	2,925,410
Net Position:			
Unrestricted: Undesignated	(21,939,785)	1,245,119	(20,694,666)

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(continued)

16. PRIOR PERIOD ADJUSTMENTS, (continued)

On January 1, 2018, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires, among other things, the recognition of unfunded net OPEB 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 2022 financial statements:

	Balance 12/31/2022 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 12/31/2022 as Restated
Deferred Outflows of Resources:			
Deferred OPEB-Related Costs	\$3,021,265	\$(173,220)	\$2,848,045
Liabilities:			
Net OPEB Liability	12,449,009	(1,657,688)	10,791,321
Deferred Inflows of Resources:			
Deferred OPEB-Related Inflows	5,146,155	1,293,433	6,439,588
Net Position:			
Unrestricted: Undesignated	(20,694,666)	191,035	(20,503,631)

Required Supplementary Information - Part II

SCHEDULE RSI-1

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	Measurement Data Ending December 31,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	N/A	0.0523596238%	0.0506720842%	0.0535440591%	0.05467174%	0.05381788%	0.0537226525%	0.0543910140%	0.0506942977%	0.0493138176%
Authority's Proportionate Share of the Net Pension Liability	N/A	\$7,901,788	\$6,002,868	\$8,731,636	\$9,851,018	\$10,596,472	\$12,505,775	\$16,109,058	\$11,379,854	\$9,232,895
Authority's Covered-Employee Payroll	\$3,155,689	\$3,666,910	\$3,757,876	\$3,734,641	\$3,797,896	\$3,902,085	\$3,788,461	\$3,822,422	\$3,720,083	\$3,488,184
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	N/A	215.49%	159.75%	233.80%	259.38%	271.56%	330.10%	421.44%	305.90%	264.69%

*Actuary valuation at June 30, 2023 was not available at time of audit.

SCHEDULE RSI-2

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	Fiscal Year ended December 31,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractual Required Contribution	\$660,280	\$593,429	\$587,711	\$533,898	\$537,519	\$512,532	\$484,956	\$435,835	\$406,536	\$368,940
Contributions in Relation to the Contractually Required Contribution	<u>(660,280)</u>	<u>(593,429)</u>	<u>(587,711)</u>	<u>(533,898)</u>	<u>(537,519)</u>	<u>(512,532)</u>	<u>(484,956)</u>	<u>(435,835)</u>	<u>(406,536)</u>	<u>(368,940)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$3,155,689	\$3,666,910	\$3,757,876	\$3,734,641	\$3,797,896	\$3,902,085	\$3,788,461	\$3,822,422	\$3,720,083	\$3,488,184
Contributions as a Percentage of Authority's Covered-Employee Payroll	20.92%	16.18%	15.64%	14.30%	14.15%	13.13%	12.80%	11.40%	10.93%	10.58%

SCHEDULE RSI-3

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

Required Supplementary Information

Schedule of Changes in the Authority's Proportionate

Share of the State OPEB Liability

Last Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:							
Service Cost	N/A	\$532,333	\$585,163	\$418,699	\$423,202	\$571,162	\$679,806
Interest	N/A	268,201	286,218	343,724	403,842	486,942	414,083
Changes of Assumptions	N/A	(2,405,255)	234,574	2,124,742	(1,038,528)	(1,474,842)	(1,652,602)
Difference Between Expected and Actual Experience	N/A	382,248	(827,314)	374,170	(888,796)	(2,311,058)	
Benefit Payments	N/A	(391,098)	(352,479)	(322,148)	(298,512)	(268,695)	(266,608)
Contributions - Members	N/A	35,526	29,954	25,944	27,459	34,405	34,220
Change in Allocation	N/A	(422,552)	11,590	775,121	(38,354)	(27,024)	(776,746)
Changes in Benefit Terms	N/A	268,937	1,403	715	(1,209)		
Net Change in Total OPEB Liability	N/A	(1,731,660)	(30,891)	3,740,967	(1,410,896)	(2,989,110)	(1,567,847)
Total OPEB Liability - Beginning	N/A	12,483,777	12,514,668	8,773,701	10,184,597	13,173,708	14,741,555
Total OPEB Liability - Ending	N/A	<u>\$10,752,117</u>	<u>\$12,483,777</u>	<u>\$12,514,668</u>	<u>\$8,773,701</u>	<u>\$10,184,598</u>	<u>\$13,173,708</u>
Plan Fiduciary Net Position:							
Contributions - Employer	N/A	260,261	224,844	202,046	219,935	268,423	243,826
Contributions - Non-Employer Contribution Entities	N/A	30,599	26,128	24,193	27,843	34,126	33,887
Contributions - Members	N/A	35,526	29,954	25,944	27,459	34,405	34,220
Net Investment Income	N/A	158	139	1,975	3,065	1,479	505
Benefit Payments	N/A	(391,098)	(352,479)	(322,148)	(298,512)	(268,695)	(266,608)
Administrative Expense	N/A	(8,243)	(7,840)	(6,850)	(6,018)	(5,226)	(5,680)
Change in Allocation	N/A	(1,175)	105	-	(753)	(279)	(5,342)
Net Change in Plan Fiduciary Net Position	N/A	(73,972)	(79,149)	(74,840)	(26,981)	64,233	34,808
Plan Fiduciary Net Position - Beginning	N/A	34,768	113,917	188,757	200,418	136,185	101,378
Plan Fiduciary Net Position - Ending	N/A	<u>(39,204)</u>	<u>34,768</u>	<u>113,917</u>	<u>173,437</u>	<u>200,418</u>	<u>136,186</u>
Authority's Net OPEB Liability	N/A	<u>\$10,791,321</u>	<u>\$12,449,009</u>	<u>\$12,400,751</u>	<u>\$8,600,264</u>	<u>\$9,984,180</u>	<u>\$13,037,522</u>

*GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation, ten years is not presented. Each year thereafter, or additional year will be included until ten years of date is presented.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Authority's Share of Net OPEB Liability
*Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	N/A	0.0668210000%	0.0691620000%	0.0690980000%	0.0634890000%	0.0637290000%	0.0638600000%
Authority's proportionate share of the net OPEB liability (asset)	N/A	\$ 10,791,321	\$ 12,449,009	\$ 12,400,751	\$ 8,600,265	\$ 9,984,179	\$ 13,037,523
Authority's covered payroll	\$ 3,155,689	\$ 3,666,910	\$ 3,757,876	\$ 3,734,641	\$ 3,797,896	\$ 3,902,085	\$ 3,788,401
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		294.29%	331.28%	332.05%	226.45%	255.87%	344.14%

* GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Authority's OPEB Contributions
*Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)							
Authority's covered payroll	\$ 3,155,689	\$ 3,666,910	\$ 3,757,876	\$ 3,734,641	\$ 3,797,896	\$ 3,902,085	\$ 3,788,461
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
Notes to Required Supplementary Information
For the Year ended December 31, 2023

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Changes of Benefit Terms

None

Changes in Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date to the current measurement date resulting in a change in the discount rate from 7.00% to 7.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Changes of Benefit Terms

None

Changes in Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 9.

Supplementary Schedules

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR YEAR ENDED DECEMBER 31, 2023

	Net Investment in Capital Assets	Restricted				Unrestricted		Total
		Operating Reserve	Bond / Loan Service	Bond / Loan Reserve	Renewal and Replacement	Designated for Construction Improvements	Undesignated	
Operating Revenue:								
Member Service Fees							14,122,780	14,122,780
Sewer Connection Fees							533,467	533,467
Discharge Fees							8,540	8,540
Industrial Pretreatment Program							24,820	24,820
Outside Sludge							1,859,981	1,859,981
Collection System							106,905	106,905
Solar Renewable Energy Certificates							130,200	130,200
Miscellaneous							53,968	53,968
Total Operating Revenue	-	-	-	-	-	-	16,840,661	16,840,661
Operating Expense:								
Administrative							1,767,844	1,767,844
Cost of Providing Services							10,718,309	10,718,309
Depreciation	2,593,672							2,593,672
Total Operating Expense	2,593,672	-	-	-	-	-	12,486,153	15,079,825
Operating Income	(2,593,672)	-	-	-	-	-	4,354,508	1,760,836
Non-Operating Revenue (Expense):								
Interest Income							595,447	595,447
Interest Expense							(317,389)	(317,389)
Amortization Expense	74,903							74,903
Allendale Billing Adjustment	-						(33,847)	(33,847)
	74,903	-	-	-	-	-	244,211	319,114
Net Income (Loss) Before Transfers	(2,518,769)	-	-	-	-	-	4,598,719	2,079,950
Transfers:								
Capital Expenditures	2,823,138						(2,823,138)	-
Budget Appropriations								-
Bond Principal Payments	2,194,661						(2,194,661)	-
Contributed Capital								-
NJEIT Receipts / Credits	-							-
Other Transfers	(455,940)	225,115	25,662				205,163	-
Increase/(Decrease) in Net Position	2,043,090	225,115	25,662	-	-	-	(213,917)	2,079,950
Net Position - January 1, 2023	37,778,596	3,354,800	1,167,447	720,100	6,481,581	4,042,347	(20,503,631)	33,041,240
Net Position - December 31, 2023	39,821,686	3,579,915	1,193,109	720,100	6,481,581	4,042,347	(20,717,548)	35,121,190

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operating Accounts	Revenue Account	Bond/Loan Service Accounts	Bond/Loan Reserve Account
Cash, Cash Equivalents and Investments - January 1, 2023	317,167	7,771,823	1,032,684	680,698
Cash Receipts:				
Interest on Investments	505,949			
Member Service Fees		14,088,933		
Other Operating Fees		2,642,367		
Miscellaneous		53,968		
NJEIT Reimbursements	-			
Transfers	16,281,542		2,513,579	
Total Cash Receipts	16,787,491	16,785,268	2,513,579	-
Cash and Investments Available	17,104,658	24,557,091	3,546,263	680,698
Cash Disbursements:				
Operations	12,551,823			
Construction	2,367,198			
Debt Service Payments			2,532,758	
Other			-	
Transfers		19,907,502		
Total Cash Disbursements	14,919,021	19,907,502	2,532,758	-
Cash, Cash Equivalents and Investments - December 31, 2023	2,185,637	4,649,589	1,013,505	680,698
Analysis of Balance:				
Cash and Cash Equivalents	2,185,637	4,649,589	1,013,505	680,698
	2,185,637	4,649,589	1,013,505	680,698
Unrestricted	2,185,637	1,202,319	(309,687)	(39,402)
Restricted	-	3,447,270	1,323,192	720,100
	2,185,637	4,649,589	1,013,505	680,698

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Renewal and Replacement Account	Construction Improvement Account	Total
Cash, Cash Equivalents and Investments - January 1, 2023	6,481,581	2,929,966	19,213,919
Cash Receipts:			
Interest on Investments			505,949
Member Service Fees			14,088,933
Other Operating Fees			2,642,367
Miscellaneous			53,968
NJEIT Reimbursements			-
Transfers		1,112,381	19,907,502
Total Cash Receipts	-	1,112,381	37,198,719
Cash and Investments Available	6,481,581	4,042,347	56,412,638
Cash Disbursements:			
Operations			12,551,823
Construction			2,367,198
Debt Service Payments			2,532,758
Other			-
Transfers			19,907,502
Total Cash Disbursements	-	-	37,359,281
Cash, Cash Equivalents and Investments - December 31, 2023	6,481,581	4,042,347	19,053,357
Analysis of Balance:			
Cash and Cash Equivalents	6,481,581	4,042,347	19,053,357
	6,481,581	4,042,347	19,053,357
Unrestricted	-	4,042,347	7,081,214
Restricted	6,481,581	-	11,972,143
	6,481,581	4,042,347	19,053,357

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023**

	FY 2023 Adopted Budget	FY 2023 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
Revenues					
Operating Revenues:					
Service Charges	14,122,780	14,122,780	14,122,780	-	13,729,857
Sewer Connection Fees	550,000	550,000	533,467	(16,533)	545,405
Outside Sludge	1,000,000	1,000,000	1,859,981	859,981	1,557,270
Discharge Fees			8,540	8,540	1,800
Industrial Pretreatment Program	25,000	25,000	24,820	(180)	25,960
Collection System	75,000	75,000	106,905	31,905	99,122
Solar Renewable Energy Certificates (SREC)	70,000	70,000	130,200	60,200	114,767
Miscellaneous	50,000	50,000	53,968	3,968	35,049
Non-Operating Revenues:					
Interest on Investments	40,000	40,000	595,447	555,447	115,108
Total Revenues:	15,932,780	15,932,780	17,436,108	1,503,328	16,224,338
Expenses					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	798,500	798,500	525,095	273,405	876,337
Fringe Benefits	528,000	528,000	499,013	28,987	438,205
Other Expenses:					
Professionals	565,000	565,000	513,708	51,292	578,834
Communication	30,200	30,200	21,781	8,419	24,396
Executive	9,000	9,000	4,286	4,714	6,262
Management	210,000	210,000	203,961	6,039	143,637
	2,140,700	2,140,700	1,767,844	372,856	2,067,671
Cost of Producing Services					
Personnel:					
Salaries and wages	3,820,000	3,420,000	3,284,273	135,727	3,306,567
Fringe Benefits	2,528,500	2,528,500	2,389,687	138,813	2,152,871
Other Expenses:					
Utilities	1,377,000	1,377,000	1,435,157	(58,157)	1,342,148
Insurance	300,000	300,000	283,229	16,771	285,503
Vehicles	111,500	111,500	77,736	33,764	90,152
Collection System	654,000	804,000	856,560	(52,560)	539,986
Sewage Treatment & Laboratory	607,500	507,500	506,019	1,481	471,022
Solids Disposal	1,715,000	2,065,000	1,904,954	160,046	2,017,275
Buildings & Grounds/Road	165,000	165,000	99,570	65,430	117,584
	11,278,500	11,278,500	10,837,185	441,315	10,323,108
Total Operating Appropriations	13,419,200	13,419,200	12,605,029	814,171	12,390,779
Non-Operating Appropriations:					
Debt Service					
Bond and Loan Principal	2,194,662	2,194,662	2,194,661	1	2,056,724
Interest on Bonds and Notes	318,918	318,918	317,389	1,529	347,252
Renewal and Replacement Reserve				-	600,000
Total Non-Operating Appropriations	2,513,580	2,513,580	2,512,050	1,530	3,003,976
Total Appropriations	15,932,780	15,932,780	15,117,079	815,701	15,394,755

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023**

	FY 2023 Adopted Budget	FY 2023 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
Excess (Deficit) of Revenues Over Expenses	-	-	2,319,029		829,583
Reconciliation of Budgetary Basis to GAAP:					
Accrued Principal on Bond/Loans Payable			2,194,661		2,056,724
Amortization Expense			74,903		74,903
Renewal and Replacement Reserve			-		600,000
Allendale Billing Adjustment			(33,847)		-
Inventory Adjustments			118,876		10,541
Debt Issuance Cost Expense			-		(84,798)
Depreciation			(2,593,672)		(2,722,203)
Change in Net Position			<u>2,079,950</u>		<u>764,750</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

**SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Project Number	FY 2023 Adopted Budget	FY 2023 Budget as Amended	Current Year Actual	Excess / Actual
Financing Sources:					
Unrestricted Net Position Utilized		875,000	3,375,000	2,245,265	1,129,735
Proceeds of NJEIT Loans		11,850,000	11,850,000	577,873	11,272,127
		<u>12,725,000</u>	<u>15,225,000</u>	<u>2,823,138</u>	<u>12,401,862</u>
Capital Outlays:					
Upgrade Operating Building Interior ⁽¹⁾	1145		1,450,000	1,060,229	389,771
Incinerator Repairs ⁽¹⁾	1156	300,000	300,000		300,000
Allendale Brook Manhole Rehabilitation (S340700-19) ⁽²⁾		300,000	300,000	182,010	117,990
Darlington Force Main Repairs (S340700-19) ⁽²⁾		300,000	300,000		300,000
Fiber Optic Pump Station Installations ⁽¹⁾		575,000	575,000		575,000
Interceptor Manhole ⁽¹⁾	1161		125,000	103,695	21,305
Miscellaneous Pump Station Improvements ⁽¹⁾	1143		125,000	156,245	(31,245)
Roof Replacement and Repair of Grit Building and Disinfection Building ⁽²⁾	1150	250,000	250,000		250,000
Allendale Manhole Rehabilitation ⁽¹⁾	1157		75,000	78,941	(3,941)
Vehicle Storage Building ⁽²⁾	1146	3,000,000	3,000,000		3,000,000
Cake Receiving Facility ⁽²⁾	1147	4,900,000	4,900,000	382,835	4,517,165
Collection System Expansion - Oakland ⁽²⁾		600,000	600,000		600,000
Vehicle Fleet Expansion ⁽¹⁾	1133				-
WWPS Improvements (S340700-15) ⁽²⁾	1126		25,000	13,028	11,972
WWTP PLCS ⁽¹⁾	1155	2,500,000	2,500,000	118,327	2,381,673
Replace BFP#2 Schwing Pump ⁽¹⁾	1148		200,000	355,548	(155,548)
Chapel Road Manhole Replacement ⁽¹⁾	1151				-
Force Main Inspections ⁽¹⁾	1152		500,000	372,280	127,720
Total Capital Outlays		<u>12,725,000</u>	<u>15,225,000</u>	<u>2,823,138</u>	<u>12,401,862</u>
Total Costs Funded by Capital Revenue		12,725,000	15,225,000	2,823,138	12,401,862
Add: Excess		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>12,725,000</u>	<u>15,225,000</u>	<u>2,823,138</u>	<u>12,401,862</u>

⁽¹⁾ Funded by Unrestricted Net Position Utilized.⁽²⁾ Funded by Proceeds of NJEIT Loans.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2010B Trust Portion		5.00%	2024	86,000				
		5.00%	2025	91,000				
		5.00%	2026	96,000				
		5.00%	2027	100,000				
		5.00%	2028	109,000				
		5.00%	2029	113,000				
		5.00%	2030	117,000				
					798,000	-	86,000	712,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Fund - Series 2010B Fund Portion		n/a	2024	90,000				
		n/a	2025	90,000				
		n/a	2026	90,000				
		n/a	2027	90,000				
		n/a	2028	90,000				
		n/a	2029	90,000				
		n/a	2030	25,049				
					655,049		90,000	565,049

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Loan - Series 2012A Fund Portion		n/a	2024	109,880				
		n/a	2025	109,879				
		n/a	2026	109,880				
		n/a	2027	109,880				
		n/a	2028	109,880				
		n/a	2029	109,879				
		n/a	2030	109,879				
		n/a	2031	73,253				
					952,290		109,880	842,410
New Jersey Environmental Infrastructure Trust - Series 2014A Trust Portion		3.22%	2024	15,000				
		3.05%	2025	15,000				
		3.05%	2026	15,000				
		3.06%	2027	15,000				
		3.07%	2028	15,000				
		3.08%	2029	15,000				
		3.09%	2030	20,000				
		3.13%	2031	20,000				
		3.19%	2032	20,000				
		3.25%	2033	20,000				
					185,000		15,000	170,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Loan - Series 2014 A Fund Portion		n/a	2024	14,619				
		n/a	2025	14,619				
		n/a	2026	14,618				
		n/a	2027	14,619				
		n/a	2028	14,619				
		n/a	2029	14,618				
		n/a	2030	1,003				
					103,333		14,618	88,715

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Loan - Series 2015 Trust Portion		5.00%	2024	100,000				
		5.00%	2025	105,000				
		5.00%	2026	110,000				
		4.00%	2027	115,000				
		4.00%	2028	115,000				
		4.00%	2029	120,000				
		4.00%	2030	125,000				
		4.00%	2031	130,000				
		4.00%	2032	135,000				
		4.00%	2033	140,000				
		4.00%	2034	150,000				
					1,440,000		95,000	1,345,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Loan - Series 2015 Fund Portion		n/a	2024	328,442				
		n/a	2025	328,441				
		n/a	2026	328,442				
		n/a	2027	328,442				
		n/a	2028	328,441				
		n/a	2029	328,442				
		n/a	2030	328,441				
		n/a	2031	328,441				
		n/a	2032	328,441				
		n/a	2033	275,117				
					3,559,532		328,442	3,231,090

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
Utility System Revenue Bonds, Series 2016A		4.00%	2024	690,000	1,350,000		660,000	690,000
New Jersey Environmental Infrastructure Loan - Series 2018A-2 Trust Portion								
		5.00%	2024	25,000				
		5.00%	2025	25,000				
		5.00%	2026	25,000				
		5.00%	2027	25,000				
		4.00%	2028	30,000				
		4.00%	2029	30,000				
		4.00%	2030	30,000				
		4.00%	2031	30,000				
		4.00%	2032	35,000				
		4.00%	2033	35,000				
		4.00%	2034	35,000				
		4.00%	2035	35,000				
		4.00%	2036	40,000				
		4.00%	2037	40,000				
		4.00%	2038	40,000				
					500,000		20,000	480,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	December 31, 2023 Amount				
New Jersey Environmental Infrastructure Loan - Series 2018A-2 Fund Portion		n/a	2024	86,911				
		n/a	2025	86,911				
		n/a	2026	86,911				
		n/a	2027	86,911				
		n/a	2028	86,911				
		n/a	2029	86,911				
		n/a	2030	86,911				
		n/a	2031	86,911				
		n/a	2032	86,911				
		n/a	2033	86,911				
		n/a	2034	86,911				
		n/a	2035	86,911				
		n/a	2036	86,910				
		n/a	2037	86,910				
		n/a	2038	50,749			86,911	1,267,501
					1,354,412			

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2020C Trust Portion (Refunded Series 2012A Trust Portion)								
		4.00%	2024	106,235				
		4.00%	2025	110,018				
		4.00%	2026	113,718				
		3.00%	2027	117,334				
		3.00%	2028	122,020				
		3.00%	2029	126,708				
		3.00%	2030	131,238				
			2031	135,660			102,373	962,931
					1,065,304	-		

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2021A-2 Trust Portion		5.00%	2024	45,000				
		5.00%	2025	50,000				
		5.00%	2026	50,000				
		5.00%	2027	55,000				
		5.00%	2028	55,000				
		5.00%	2029	65,000				
		5.00%	2030	65,000				
		5.00%	2031	70,000				
		4.00%	2032	70,000				
		3.00%	2033	75,000				
		3.00%	2034	75,000				
		3.00%	2035	75,000				
		3.00%	2036	80,000				
		3.00%	2037	80,000				
		3.00%	2038	85,000				
		3.00%	2039	90,000				
		2.00%	2040	90,000				
		2.00%	2041	90,000				
					1,310,000	-	45,000	1,265,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2021A-2 Fund Portion		n/a	2024	222,131				
		n/a	2025	222,131				
		n/a	2026	222,131				
		n/a	2027	222,131				
		n/a	2028	222,131				
		n/a	2029	222,131				
		n/a	2030	222,131				
		n/a	2031	222,131				
		n/a	2032	222,131				
		n/a	2033	222,131				
		n/a	2034	222,131				
		n/a	2035	222,131				
		n/a	2036	222,131				
		n/a	2037	222,131				
		n/a	2038	222,131				
		n/a	2039	222,131				
		n/a	2040	222,131				
		n/a	2041	148,089				
					4,146,447	-	222,131	3,924,316

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2023	2023 Issued	2023 Redeemed	Balance Dec. 31, 2023
			Date	December 31, 2023 Amount				
New Jersey Environmental Infrastructure Trust - Series 2022 A-1 Trust Portion		5.00%	2024	60,000				
		5.00%	2025	65,000				
		5.00%	2026	65,000				
		5.00%	2027	70,000				
		5.00%	2028	75,000				
		5.00%	2029	75,000				
		5.00%	2030	80,000				
		5.00%	2031	85,000				
		5.00%	2032	90,000				
		5.00%	2033	95,000				
		3.25%	2034	100,000				
		3.38%	2035	100,000				
		3.38%	2036	105,000				
		3.38%	2037	110,000				
		3.50%	2038	110,000				
		3.50%	2039	115,000				
		3.50%	2040	120,000				
		3.50%	2041	125,000				
					1,700,000		55,000	1,645,000

SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

New Jersey Environmental
Infrastructure Trust - Series 2022 A-1
Fund Portion

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS**

The following officials were in office at December 31, 2023:

<u>Name</u>	<u>Office</u>	
Frank Kelaher	Chairman	Ramsey
Matthew Jordan	Vice Chairman	Allendale
Dennis Bonagura	Commissioner	Franklin Lakes
Marianne Ortega	Commissioner	Walkdwick
Stephen Lo Iacono	Commissioner	Mahwah
Yogi Virk	Commissioner	Saddle River
Berge V. Tombalakian	Commissioner	Midland Park
John P. Biale	Commissioner	Oakland
Robert Laux	Executive Director	
Bern Root, LLC.	Legal Counsel	
Wielkotsz & Company, LLC	Auditors	

Government Auditing Standards Report



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
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**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
Northwest Bergen County Utilities Authority
County of Bergen
Waldwick, New Jersey

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 Northwest Bergen County Utilities Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Northwest Bergen County Utilities 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 Northwest Bergen County Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwest Bergen County Utilities Authority's internal control.

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



Honorable Chairman and Members of the
Northwest Bergen County Utilities Authority
Page 2.

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

Compliance and Other Matters

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

Purpose of this Report

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

Wielkotz & Company, LLC

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

April 10, 2024

**Schedule of Expenditures of Federal Awards, Schedule of
Expenditures of State Assistance, Notes to the Schedule of
Expenditures of Federal and State Awards**

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

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		
U.S. Environmental Protection Agency: Pass Through New Jersey Department of Environmental Protection:								
NJ Environmental Infrastructure Fund	66,458	042-4860-711-003	\$ 722,765	\$ -	01/01/23	12/31/23	\$ 91,005	\$ 497,807
2019 Project (S340700-19)								
Total Federal Financial Awards								
				\$ -			\$ 91,005	\$ 497,807

This schedule is presented for management purposes only and is not subject to single audit.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE

DECEMBER 31, 2023

<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 2019 Project (S340700-19)	042-4860-711-003	\$ 722,765	\$ -	01/01/23	12/31/23	\$ 91,005	\$ 497,806
Total State Financial Assistance			\$ -			\$ 91,005	\$ 497,806

This schedule is presented for management purposes only and is not subject to single audit.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
DECEMBER 31, 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 Northwest Bergen County Utilities 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 Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State 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 these schedules is presented for Management purposes only and was not subject to single audit.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Awards and financial assistance are reported in the Authority's basic financial statements on a GAAP basis as follows:

	New Jersey Environmental <u>Fund</u>	New Jersey Environmental <u>Trust</u>	<u>Total</u>
Balance - 12/31/22	\$50,000	\$50,000	\$100,000
Grants Awarded	<u>265,964</u>	<u>265,963</u>	<u>531,927</u>
Balance - 12/31/23	<u>\$315,964</u>	<u>\$315,963</u>	<u>\$631,927</u>

NOTE 4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

Schedule of Findings and Questioned Costs

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 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? yes X no

Noncompliance material to basic financial
statements noted? yes X no

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023
(continued)

Section II - Financial Statement Findings

FINDING: 2023-01*

STATEMENT OF CONDITION

The Authority has not updated the net other post-employment benefit obligation, 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 No. 75 require a state or local government employer to recognize a net pension liability and other post-employment benefit obligation 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 of resources, liabilities, deferred inflows of 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) or State of New Jersey Health Benefit System would be complete.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE

Calculation of the net other post-employment benefit obligations, net pension obligation, pension-related deferred outflow, accounts payable – pension and pension-related deferred inflow amounts are out of the Authority's control. In order to comply with the requirements of their 1984 Trust Indenture, management has opted to release the report without updating the figures in accordance with the measurement guidelines of GASB's No. 68 and No. 75.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

Status of Prior Year Findings

A review was performed on all prior year recommendations and corrective action was taken on all items, except those noted with an asterisk “*”.

General Comments and Recommendations

GENERAL COMMENTS

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 total sum of \$44,000.00, 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 bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$44,000.00.

The governing body has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds 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. No violations were discovered.

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.

GENERAL COMMENTS, (CONTINUED)

Interaccount Advances

Advances between unrestricted accounts should be settled upon occurrence.

Miscellaneous

There were no problems and weaknesses noted in our review that were of such magnitude that they would effect our ability to express an opinion on the financial statements taken as a whole.

We desire to express appreciation for the assistance and courtesies rendered by the Commissioners and employees during the course of the examination.

Respectfully submitted,

Wielkatz & Company, LLC

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