

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Secaucus Municipal Utilities Authority
1100 Koelle Boulevard
Secaucus, New Jersey

Report on the Financial Statements

Opinion

We have audited the accompanying statement of net position of the Secaucus Municipal Utilities Authority ("the Authority") as of December 31, 2022 and 2021, and the related statement 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Secaucus Municipal Utilities Authority as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.



Responsibilities of Management for the Financial Statements

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 Secaucus Municipal 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 Secaucus Municipal 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Secaucus Municipal 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 Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Secaucus Municipal Utilities Authority's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The Honorable Chairman and Members of
Secaucus Municipal Utilities Authority
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The supplementary information listed in the table of contents 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2023 on our consideration of the Secaucus Municipal 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 Secaucus Municipal 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

August 9, 2023



Required Supplementary Information - Part I

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Management's Discussion and Analysis

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SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Secaucus Municipal Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2022 and 2021. 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 were exceeded by its liabilities and deferred inflows of resources by \$510,634 (net position) for the fiscal year reported. This compares to the previous year when assets were exceeded by liabilities and deferred inflows of resources by \$704,749.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$3,660,875 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt and unexpended funds related to the purchase or construction of capital assets.
 - (2) Restricted of \$125,027 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted of \$(4,296,536) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority decreased by \$3,237,480 to \$5,103,366 during the fiscal year.

Overview of the Financial Statements

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

Required Financial Statements

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets), the consumption of net 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.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of the Authority

One of the most important questions asked about the Authorities 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 the position. The reader can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net Position

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

The Authority's net position at fiscal year-end are \$(510,634). This is a \$194,115 increase over last year's restated net position of \$(704,749). A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position at December 31, 2022
With Comparative Prior Year Balances

	<u>FY 2022</u>	<u>Restated FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and Non-current Assets	3,946,594	5,001,668	(1,055,074)	(21.09)%
Capital Assets	<u>4,390,230</u>	<u>4,158,301</u>	<u>231,929</u>	5.58%
Total Assets	<u>8,336,824</u>	<u>9,159,969</u>	<u>(823,145)</u>	(8.99)%
Deferred Outflows of Resources	<u>3,982,826</u>	<u>5,294,590</u>	<u>(1,311,764)</u>	(24.78)%
Long-term Liabilities	4,054,659	7,418,649	(3,363,990)	(45.35)%
Other Liabilities	<u>1,048,707</u>	<u>922,197</u>	<u>126,510</u>	13.72%
Total Liabilities	<u>5,103,366</u>	<u>8,340,846</u>	<u>(3,237,480)</u>	(38.81)%
Deferred Inflows of Resources	<u>7,726,918</u>	<u>6,818,462</u>	<u>908,456</u>	13.32%
Net Investment in Capital Assets	3,660,875	3,335,952	324,923	9.74%
Restricted	125,027	104,954	20,073	19.13%
Unrestricted	<u>(4,296,536)</u>	<u>(4,145,655)</u>	<u>(150,881)</u>	3.64%
Total Net Position	<u>(510,634)</u>	<u>(704,749)</u>	<u>194,115</u>	(27.54)%

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net Position (Continued)

The Authority's restated net position at the FY 2021 year end was \$(704,749). This is a \$340,946 increase over FY 2020 net position of \$(1,045,695). A summary of the Authority's statement of net position is presented in the following table. This comparison has been restated to reflect the changes required by GASB No. 75.

Condensed Statement of Net Position at December 31, 2021
With Comparative Prior Year Balances

	<u>Restated</u> <u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Current and Non-current Assets	5,001,668	5,151,899	(150,231)	(2.92)%
Capital Assets	<u>4,158,301</u>	<u>4,360,702</u>	<u>(202,401)</u>	(4.64)%
Total Assets	<u>9,159,969</u>	<u>9,512,601</u>	<u>(352,632)</u>	(3.71)%
Deferred Outflows of Resources	<u>5,294,590</u>	<u>6,407,223</u>	<u>(1,112,633)</u>	(17.37)%
Long-term Liabilities	7,418,649	8,518,720	(1,100,071)	(12.91)%
Other Liabilities	<u>922,197</u>	<u>952,439</u>	<u>(30,242)</u>	(3.18)%
Total Liabilities	<u>8,340,846</u>	<u>9,471,159</u>	<u>(1,130,313)</u>	(11.93)%
Deferred Inflows of Resources	<u>6,818,462</u>	<u>7,494,159</u>	<u>(675,697)</u>	(9.02)%
Net Investment in Capital Assets	3,335,952	3,448,436	(112,484)	(3.26)%
Restricted	104,954	107,951	(2,997)	(2.78)%
Unrestricted	<u>(4,145,655)</u>	<u>(4,602,082)</u>	<u>456,427</u>	(9.92)%
Total Net Position	<u>(704,749)</u>	<u>(1,045,695)</u>	<u>340,946</u>	(32.60)%

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net Position (Continued)

**Condensed Statement of Revenues, Expenses
And Changes in Net Position for the Year Ending
December 31, 2022 with Comparative Prior Year Balances**

	<u>FY 2022</u>	<u>Restated FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	3,749,169	3,908,256	(159,087)	(4.07)%
Non-operating Revenues	<u>34,451</u>	<u>24,542</u>	<u>9,909</u>	40.38%
Total Revenues	<u>3,783,620</u>	<u>3,932,798</u>	<u>(149,178)</u>	(3.79)%
Depreciation	342,996	339,655	3,341	0.98%
Other Operating Expenses	3,232,812	3,236,607	(3,795)	(0.12)%
Other Non-operating Expense	<u>13,697</u>	<u>15,590</u>	<u>(1,893)</u>	(12.14)%
Total Expenses	<u>3,589,505</u>	<u>3,591,852</u>	<u>(2,347)</u>	(0.07)%
Change in Net Position	194,115	340,946	(146,831)	(43.07)%
Beginning Net Position	<u>(704,749)</u>	<u>(1,045,695)</u>	<u>340,946</u>	(32.60)%
Ending Net Position	<u>(510,634)</u>	<u>(704,749)</u>	<u>194,115</u>	(27.54)%

The Authority's operating revenues decreased \$159,087 to \$3,749,169 in fiscal year 2022 from \$3,908,256 in 2021. This decrease is due to less connections and connection fees. The Authority's non-operating revenues increased by \$9,909 in fiscal year 2022.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net Position (Continued)

A summary of the Authority's prior year statement of revenues, expenses and changes in net position is presented with comparative fiscal year figures in the following table. This comparison has been restated to reflect the changes required by GASB No. 75.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position for the Year Ending
December 31, 2021 with Comparative Prior Year Balances**

	<u>Restated FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	3,908,256	4,165,258	(257,002)	(6.17)%
Non-operating Revenues	<u>24,542</u>	<u>22,574</u>	<u>1,968</u>	8.72%
Total Revenues	<u>3,932,798</u>	<u>4,187,832</u>	<u>(255,034)</u>	(6.09)%
Depreciation	339,655	342,762	(3,107)	(0.91)%
Other Operating Expenses	3,236,607	2,960,956	275,651	9.31%
Other Non-operating Expense	<u>15,590</u>	<u>16,903</u>	<u>(1,313)</u>	(7.77)%
Total Expenses	<u>3,591,852</u>	<u>3,320,621</u>	<u>271,231</u>	8.17%
Change in Net Position	340,946	867,211	(526,265)	(60.68)%
Beginning Net Position	<u>(1,045,695)</u>	<u>(1,912,906)</u>	<u>867,211</u>	(45.33)%
Ending Net Position	<u>(704,749)</u>	<u>(1,045,695)</u>	<u>340,946</u>	(32.60)%

Budgetary Highlights

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

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Budgetary Highlights (Continued)

The following table provides a 2022 budget comparison:

	Budget vs. Actual FY 2022		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	<u>4,783,881</u>	<u>4,979,699</u>	<u>195,818</u>
Expenses:			
Operating	4,662,000	4,257,502	404,498
Non-Operating	<u>121,881</u>	<u>118,520</u>	<u>3,361</u>
	<u>4,783,881</u>	<u>4,376,022</u>	<u>407,859</u>
Income before Depreciation	<u>0</u>	<u>603,677</u>	<u>603,677</u>

	Budget vs. Actual FY 2021		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	<u>4,779,930</u>	<u>5,215,626</u>	<u>435,696</u>
Expenses:			
Operating	4,662,000	3,818,949	843,051
Non-Operating	<u>117,930</u>	<u>117,336</u>	<u>594</u>
	<u>4,779,930</u>	<u>3,936,285</u>	<u>843,645</u>
Income before Depreciation	<u>0</u>	<u>1,279,341</u>	<u>1,279,341</u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Debt Administration

At December 31, 2022, the Authority had outstanding New Jersey Environmental Infrastructure Fund bonds of \$698,495 (gross). The debt service schedule has a final maturity in 2032. Full details of the specific bond issues outstanding are found in Note 5 to the financial statements and the supplementary schedules.

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 Secaucus Municipal Utilities Authority, 1100 Koelle Boulevard, Secaucus, New Jersey 07094.

Financial Statements

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**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31,**

EXHIBIT A

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	2022	Restated 2021
<u>ASSETS</u>		
Current Assets:		
<u>Unrestricted:</u>		
Cash and Cash equivalents	\$ 3,816,165	\$ 4,889,541
Other Receivables	-	899
Total Unrestricted Assets	<u>3,816,165</u>	<u>4,890,440</u>
<u>Restricted:</u>		
Debt Service Account:		
Cash and Cash equivalents	28,443	28,181
Renewal and Replacement Account:		
Cash and Cash equivalents	81,789	63,036
Bond Redemption and Improvement Account:		
Cash and Cash equivalents	375	372
Rebate Account		
Cash and Cash equivalents	<u>19,822</u>	<u>19,639</u>
Total Restricted Assets	<u>130,429</u>	<u>111,228</u>
Non-Current Assets:		
<u>Capital Assets:</u>		
Land	659,377	659,377
Property, Plant and Equipment	58,959,519	58,384,594
Furniture, Fixtures and Equipment	746,597	746,597
Vehicles	370,765	370,765
Less: Accumulated Depreciation	<u>(56,346,028)</u>	<u>(56,003,032)</u>
Total Capital Assets	<u>4,390,230</u>	<u>4,158,301</u>
TOTAL ASSETS	\$ <u>8,336,824</u>	\$ <u>9,159,969</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows:

Pension-Related Deferred Outflows	616,231	593,595
OPEB-Related Deferred Outflows	<u>3,366,595</u>	<u>4,700,995</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,982,826</u>	<u>5,294,590</u>

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

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31,**

EXHIBIT A

Page 2 of 3

	<u>2022</u>	<u>Restated 2021</u>
<u>LIABILITIES</u>		
Current Liabilities:		
<u>Payable from Unrestricted Assets:</u>		
Accounts Payable	\$ 440,462	\$ 395,545
Payroll Related Payables	100,713	56,063
Compensated Absences Payable	128,971	117,242
Accounts Payable - Pension	<u>284,000</u>	<u>258,000</u>
Total Payable from Unrestricted Assets	<u>954,146</u>	<u>826,850</u>
<u>Payable from Restricted Assets:</u>		
Accrued Interest Payable	5,402	6,274
Bonds Payable - Current Portion	<u>89,159</u>	<u>89,073</u>
Total Payable from Restricted Assets	<u>94,561</u>	<u>95,347</u>
Non-Current Liabilities:		
Net Pension Obligation	3,141,388	2,456,726
Bonds Payable - Long-Term Portion	609,336	698,495
Net OPEB Obligation	<u>303,935</u>	<u>4,263,428</u>
Total Non-Current Liabilities	<u>4,054,659</u>	<u>7,418,649</u>
TOTAL LIABILITIES	<u>5,103,366</u>	<u>8,340,846</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows:		
Unamortized Bond Premium, Net of Amortization	16,694	19,198
Deferred Savings on Refunding	14,166	15,583
Pension-Related Deferred Inflows	512,070	1,567,978
OPEB-Related Deferred Inflows	<u>7,183,988</u>	<u>5,215,703</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,726,918</u>	<u>6,818,462</u>

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

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31,**

EXHIBIT A

Page 3 of 3

	<u>2022</u>	<u>Restated 2021</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	3,660,875	3,335,952
Restricted:		
Debt Service Reserve Fund	23,041	21,907
Renewal and Replacement Fund	81,789	63,036
Bond Redemption and Improvement Fund:	375	372
Rebate Fund	19,822	19,639
Unrestricted:		
Designated	1,000,000	1,000,000
Undesignated	<u>(5,296,536)</u>	<u>(5,145,655)</u>
TOTAL NET POSITION	\$ <u>(510,634)</u>	\$ <u>(704,749)</u>

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

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**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
DECEMBER 31,**

EXHIBIT B

	<u>2022</u>	<u>Restated 2021</u>
Operating Revenue:		
Town of Secaucus	\$ 3,369,645	\$ 3,278,181
Sewer Connection / User Fees	<u>379,524</u>	<u>630,075</u>
Total Operating Revenue	<u>3,749,169</u>	<u>3,908,256</u>
Operating Expenses:		
Administrative and General	598,638	600,018
Cost of Providing Services	2,634,174	2,636,589
Depreciation Expense	<u>342,996</u>	<u>339,655</u>
Total Operating Expenses	<u>3,575,808</u>	<u>3,576,262</u>
Operating Income	<u>173,361</u>	<u>331,994</u>
Non-Operating Revenue (Expenses):		
Interest and Miscellaneous Income	30,530	20,621
Interest Expense	(13,697)	(15,590)
Amortization	<u>3,921</u>	<u>3,921</u>
Non-Operating Income (Loss)	<u>20,754</u>	<u>8,952</u>
Change In Net Position	194,115	340,946
Net Position - January 1	<u>(704,749)</u>	<u>(1,045,695)</u>
Net Position - December 31	<u><u>\$ (510,634)</u></u>	<u><u>\$ (704,749)</u></u>

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

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**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2022</u>	<u>Restated 2021</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 3,750,068	\$ 3,908,256
Cash Paid to Vendors	(2,356,261)	(2,183,364)
Cash Paid to Employees	(1,799,945)	(1,656,435)
Net Cash Provided by Operating Activities	<u>(406,138)</u>	<u>68,457</u>
Cash Flow from Investing Activities:		
Interest Received	18,561	7,324
Interest Paid on Bonds	(14,569)	(16,059)
Net Cash Provided by (used in) Investing Activities	<u>3,992</u>	<u>(8,735)</u>
Cash Flow from Financing Activities:		
Other Non-Operating Income	11,969	13,297
Capital Purchases and Construction	(574,925)	(137,254)
Principal Payment on Bonds and Loans	(89,073)	(85,996)
Net Cash Used in Financing Activities	<u>(652,029)</u>	<u>(209,953)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,054,175)	(150,231)
Cash and Cash Equivalents at Beginning of Year	<u>5,000,769</u>	<u>5,151,000</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,946,594</u>	<u>\$ 5,000,769</u>
Analysis of Balance:		
Unrestricted	\$ 3,816,165	\$ 4,889,541
Restricted	<u>130,429</u>	<u>111,228</u>
	<u>\$ 3,946,594</u>	<u>\$ 5,000,769</u>

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

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>Restated 2021</u>
OPERATING INCOME (LOSS)	\$ <u>173,361</u>	\$ <u>331,994</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	342,996	339,655
Decrease (Increase) in Other Receivable	899	
Increase (Decrease) in Accounts Payable	44,917	(15,109)
Increase (Decrease) in Payroll Payable	44,650	(5,420)
Increase (Decrease) in Compensated Absences	11,729	(321)
Increase (Decrease) in OPEB-Related Obligations/Deferrals	(656,808)	(82,367)
Increase (Decrease) in Pension-Related Obligations/Deferrals	(367,882)	(499,975)
Total Adjustments	<u>(579,499)</u>	<u>(263,537)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>(406,138)</u></u>	\$ <u><u>68,457</u></u>

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

Notes to Financial Statements

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SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. GENERAL

The Secaucus Municipal Utilities Authority ("the Authority") was created by an ordinance of the Council of the Town of Secaucus on March 14, 1978. The Authority was created as a Municipal Utilities Authority under Chapter 183 of the laws of 1957. Under the bond indenture of the Sewer Revenue Bonds, Series of 1979, certain funds and distribution of revenue were established funds were modified by the Sewer Revenue Refunding Bonds of 1984, the Series A and B Bonds of 1987, the Series C Bonds of 1988, the Series D Bonds of 1991, the Series A and B Bonds of 1994, the Series A and B Bonds of 2003 and the Series 2010 Bonds. The Authority services the Town of Secaucus. The Board of Commissioners is comprised of five members chosen by the Mayor and Council of the Town of Secaucus.

The Authority is a component unit of the Town of Secaucus under Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB No. 39.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The financial statements of the Secaucus Municipal 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 significant of the Authority's accounting policies are described below.

On January 1, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net 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:

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

A. Basis of Presentation, (continued)

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

B. Basis of Accounting

The Secaucus Municipal 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. Reporting Entity

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

D. Risks of Loss

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

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

E. Grants

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

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

F. Inventories of Materials and Supplies

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

G. Unearned Revenue

Unearned revenue arise when assets are recognized before revenue recognition criteria has been satisfied.

H. Property, Plant and Equipment

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

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

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

Building and Improvements	20-50 Years
Sewer Mains and Interceptors	50 Years
Machinery and Equipment	10-20 Years
Furniture and Fixtures	5 Years
Vehicles	3-10 Years

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

H. Property, Plant and Equipment, (continued)

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

A summary of the changes in property, plant and equipment at December 31, 2022 is as follows:

	<u>Balance</u> <u>FY 2021</u>	<u>Net</u> <u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>FY 2022</u>
Land	\$659,377	\$	\$	\$659,377
Property, Plant and Equipment	58,384,594	574,925		58,959,519
Furniture, Fixtures and Equipment	746,597			746,597
Vehicles	<u>370,765</u>			<u>370,765</u>
	60,161,333	574,925	0	60,736,258
Accumulated Depreciation	<u>(56,003,032)</u>	<u>(342,996)</u>		<u>(56,346,028)</u>
Property, Plant and Equipment, Net	<u>\$4,158,301</u>	<u>\$231,929</u>	<u>\$0</u>	<u>\$4,390,230</u>

A summary of the changes in property, plant and equipment at December 31, 2021 is as follows:

	<u>Balance</u> <u>FY 2020</u>	<u>Net</u> <u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>FY 2021</u>
Land	\$659,377	\$	\$	\$659,377
Property, Plant and Equipment	58,245,536	139,058		58,384,594
Furniture, Fixtures and Equipment	748,401		1,804	746,597
Vehicles	<u>370,765</u>			<u>370,765</u>
	60,024,079	139,058	1,804	60,161,333
Accumulated Depreciation	<u>(55,663,377)</u>	<u>(339,655)</u>		<u>(56,003,032)</u>
Property, Plant and Equipment, Net	<u>\$4,360,702</u>	<u>(\$200,597)</u>	<u>\$1,804</u>	<u>\$4,158,301</u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

I. Restricted Accounts

Construction Fund

The Trustee shall establish a Construction Fund for the payment of the costs of each Project involving construction or acquisition. Grants-in-aid of construction are required to be deposited in the Construction Fund, unless the terms of such grants-in-aid provide otherwise. Upon completion of any Project and delivery of the Authority's certificate approved by the Consulting Engineer, showing the date of such completion and certifying that all required insurance has been obtained and that all costs of such Project have been paid or stating the amounts to be reserved for the payment of unpaid costs, the Trustee is required to transfer the balance in the Construction Account and amounts not reserved for the payment of unpaid costs to the Bond Redemption and Improvement Fund.

Other Funds and Accounts

In addition to the Construction Account, the following funds and accounts will be established under the Trust Agreement:

- (1) Revenue Fund
- (2) Operating Fund
- (3) Debt Service Fund
- (4) Sinking Fund
- (5) Debt Service Reserve Fund
- (6) Renewal and Replacement Fund
- (7) Bond Redemption and Improvement Fund
- (8) Rebate Fund

The Authority will hold the Operating Fund and all other funds will be held by the Trustee.

Flow of funds

All Pledged Revenues with the exception of funding for ordinary operating expenses are required to be paid over to the Trustee forthwith upon receipt for deposit into:

- (1) Revenue Fund – Transfers from the Revenue Fund shall be made to all other required funds.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

I. Restricted Accounts, (continued)

- (2) Operating Fund – monthly, the amount necessary to equal the Authority's operating expenses plus a reasonable reserve (if required) therefore until the date of the next Town Payment.
- (3) Debt Service Fund – semi-annually, an amount sufficient to make the amount therein equal to interest on the next interest payment date, plus (ii) the greater of 100% of the principal amount of Bonds falling due on or before the date of the next transfer into such Fund and 50% of the principal or face amount of Bonds falling due on or before the date of the second succeeding transfer into such Fund.
- (4) Sinking Fund – semi-annually, an amount sufficient to make the amount therein equal to the greater of 100% of the redemption price of Bonds falling due on or before the date of the next transfer into such Fund and 50% of the redemption price of Bonds falling due on or before the date of the second succeeding transfer into such Fund.
- (5) Debt Service Reserve Fund – semi-annually, such amount as may be required with respect to additional issues of parity Bonds (there is no Debt Service Reserve Fund for the 2010 Bonds).
- (6) Renewal and Replacement Fund – semi-annually, up to \$15,750 per year until the amount therein equals \$200,000.
- (7) Bond Redemption and Improvement Fund – semi-annually, the balance remaining after the foregoing transfers.
- (8) Rebate Fund – at the direction of the Authority, from the Revenue Fund or the Bond Redemption and Improvement Fund, amounts subject to rebate to the United States under the Code.

Operating Fund

Monies from the Operating Fund will be applied by the Authority to pay all costs of operating, maintaining and repairing the Sewer System.

Debt Service Fund

The monies in the Debt Service Fund will be used to pay principal and interest on the Bonds. When Bonds are purchased or redeemed, the amount, if any, in the Debt Service Fund representing interest thereon will be applied to the payment of accrued interest in connection with any such redemption or purchase, and any excess, together with any amount representing principal, shall be transferred to the Bond Redemption and Improvement Fund.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

I. Restricted Accounts, (continued)

Sinking Fund

Amounts in the Sinking Fund shall be used for the purchase or redemption of the Bonds for which the Sinking Fund was established. The Trustee, at the request of the Authority, may use monies in the Bond Sinking Fund (but not within the period from October 15 through the following December 2, in any year) to purchase additional Bonds at the lowest prices reasonably obtainable; provided that the purchase price, exclusive of accrued interest, does not exceed the mandatory redemption price of such Bonds.

Debt Service Reserve Fund

If required in connection with an issue of additional parity Bonds, the Trustee shall establish a Debt Service Reserve Fund for such issue of Bonds, to make up deficiencies in the Debt Service Fund or Sinking Fund for such Bonds. No Debt Service Reserve Fund has been established for the 2010 Bonds.

Any excess in any Debt Service Reserve Fund may, at the option of the Authority, be transferred to the Revenue Fund or the Bond Redemption and Improvement Fund.

Renewal and Replacement Fund

The Renewal and Replacement Fund will be used to pay costs of extraordinary repairs, renewals and replacements to the Sewer System to the extent that, in the opinion of the Consulting Engineer, such costs cannot be paid out of the budget provision made for such costs. The amount currently required to be deposited annually is \$15,750. The Consulting Engineer may specify an increase in the amount of the Renewal and Replacement Fund for extraordinary repairs to the Sewer System.

Bond Redemption and Improvement Fund

The Trustee shall use the Bond Redemption and Improvement Fund at any time to make up deficiencies in the Debt Service Fund and the Sinking Fund and to restore any withdrawals from the Debt Service Reserve Fund or the Renewal and Replacement Fund. If there is no deficiency in any of the aforesaid Funds and no Event of Default has occurred and is continuing, the Trustee, at the request of the Authority, may apply amounts in the Bond Redemption and Improvement Fund to any lawful corporate purpose of the Authority.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

I. Restricted Accounts, (continued)

Rebate Fund

The Trustee shall establish a Rebate Fund into which it shall, upon the direction of the Authority, from time to time deposit from the Revenue Fund or the Bond Redemption and Improvement Fund such amounts as may be subject to rebate to the United States pursuant to the Code and shall use the monies therein to make such rebates when and as required.

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

Bond Premiums - 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.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

K. Operating Fund Budget

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

L. 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 estimates the useful life of assets in determining depreciation figures. Actual results could differ from those estimates.

M. Sick and Vacation Leave

Authority employees are granted varying amounts of sick leave in accordance with the Authority's personnel policy and union agreements. Compensated absences payable was \$128,971 and \$117,242 at December 31, 2022 and 2021, respectively.

N. Net Position

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

O. Recent Accounting Pronouncements

In April 2022, the Government Accounting Standards Board issued GASB Statement No. 99, Omnibus 2022. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

O. Recent Accounting Pronouncements, (continued)

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements- and Management's Discussion Analysis-for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

O. Recent Accounting Pronouncements, (continued)

- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmentary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority is determining the effects, if any, this statement will have on future financial statements.

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.

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.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

P. Revenues and Expenses

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

NOTE 3. CASH AND CASH EQUIVALENTS

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

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

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

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

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NOTE 3. CASH AND CASH EQUIVALENTS, (continued)

As of December 31, 2022, the Authority's cash and cash equivalents are summarized as follows:

	Money Market/ Checking <u>Accounts</u>	<u>Total</u>
Unrestricted	\$3,816,165	\$3,816,165
Restricted	<u>130,429</u>	<u>130,429</u>
	<u>\$3,946,594</u>	<u>\$3,946,594</u>

The carrying amount of the Authority's cash and cash equivalents at December 31, 2022 was \$3,946,594 and the bank balance was \$3,981,486. This entire amount was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey Statutes.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Authority's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2022, \$- of the Authority's bank balance of \$3,981,486 was exposed to custodial risk.

NOTE 4. INVESTMENTS

Investments are stated at fair value, which is determined using selected bases. The Authority classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

The Authority had no investments at December 31, 2022.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, CONTINUED
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NOTE 4. INVESTMENTS, (continued)

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 allowance 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; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

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

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SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, CONTINUED
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NOTE 5. LONG-TERM DEBT

The Authority has issued and has outstanding the following bonds as of December 31, 2022 and 2021.

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Redeemed</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Series 2010 NJ Environmental Infrastructure Trust and Fund Bonds	\$607,270	\$72,909	\$534,361
Series 2013 NJ Environmental Infrastructure Trust and Fund Bonds	<u>180,298</u>	<u>16,164</u>	<u>164,134</u>
Net Carrying Amount of Debt	<u>\$787,568</u>	<u>\$89,073</u>	<u>\$698,495</u>
Current Portion	89,073		89,159
Long-Term Portion	<u>698,495</u>		<u>609,336</u>
	<u>\$787,568</u>		<u>\$698,495</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$89,159	\$12,994	\$102,153
2024	89,256	11,347	100,603
2025	89,360	9,723	99,083
2026	94,470	8,092	102,562
2027	94,603	6,241	100,844
2028	94,742	4,381	99,123
2029-2032	<u>146,905</u>	<u>3,460</u>	<u>150,365</u>
	<u>\$698,495</u>	<u>\$56,238</u>	<u>\$754,733</u>

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NOTE 5. LONG-TERM DEBT, (continued)

Series 2010 NJ Environmental Infrastructure Trust Bonds

On March 10, 2010, the Authority issued \$1,356,541 Series 2010 Subordinate Bonds through the New Jersey Environmental Infrastructure Trust Program. These bonds are being used for improvements to the treatment facilities.

Principal and interest due on outstanding 2010 bonds to maturity is as follows:

	<u>NJEIT SERIES 2010</u>			
	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>
2023	\$38,000	\$11,600	\$34,909	\$86,884
2024	38,000	10,080	34,909	85,284
2025	38,000	8,560	34,909	83,684
2026	43,000	7,040	34,908	87,084
2027	43,000	5,320	34,909	85,509
2028	43,000	3,600	34,909	83,709
2029	47,000	1,880	34,909	86,909
	<u>\$290,000</u>	<u>\$48,080</u>	<u>\$244,362</u>	<u>\$599,063</u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTE 5. LONG-TERM DEBT, (continued)

Series 2013 NJ Environmental Infrastructure Trust Bonds

On May 30, 2013, the Authority issued \$318,752 Series 2013 Subordinate Bonds through the New Jersey Environmental Infrastructure Trust Program.

Principal and interest due on outstanding 2013 bonds to maturity is as follows:

<u>Year</u>	<u>NJEIT SERIES 2013</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Trust Portion</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>
2023	\$4,178	\$1,394	\$12,072	\$17,644
2024	4,275	1,267	12,072	17,614
2025	4,379	1,163	12,072	17,614
2026	4,490	1,052	12,072	17,614
2027	4,622	921	12,072	17,615
2028	4,761	781	12,072	17,614
2029	4,907	635	12,072	17,614
2030	5,062	480	12,072	17,614
2031	5,224	318	12,072	17,614
2032	<u>4,425</u>	<u>147</u>	<u>9,163</u>	<u>13,735</u>
	<u>\$46,323</u>	<u>\$8,158</u>	<u>\$117,811</u>	<u>\$172,292</u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, CONTINUED
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NOTE 6. PENSION PLANS

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service

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NOTE 6. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

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

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 of the employee's annual compensation, as defined by law. Employers are

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NOTE 6. PENSION PLANS, (continued)

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

Contribution Requirements, (continued)

required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

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

Three Year Trend Information for PERS

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>
	<u>Cost (APC)</u>	<u>Contributed</u>
12/31/22	\$262,497	100%
12/31/21	242,866	100%
12/31/20	228,646	100%

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

Public Employees Retirement System (PERS)

At December 31, 2022 and 2021, the Authority reported a liability of \$3,141,388 and \$2,456,726 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 year ended December 31, 2022. 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 0.0208157814 percent, which was an increase of 0.0000777885 percent from its proportion measured as of June 30, 2021.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, CONTINUED
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NOTE 6. PENSION PLAN, (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, 2022, the Authority recognized pension expense (benefit) of \$(105,387). At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$9,733	\$12,795
Net difference between projected and actual earnings on pension plan investments	130,019	38,746
Changes in proportion and differences between Authority contributions and proportionate share of contributions	192,479	284,054
Authority contributions subsequent to the measurement date	<u>284,000</u>	<u>258,000</u>
Total	<u>\$616,231</u>	<u>\$593,595</u>
	<u>2022</u>	<u>2021</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$470,390	\$874,610
Net difference between projected and actual earnings on pension plan investments	0	647,166
Changes in proportion and differences between Authority contributions and proportionate share of contributions	21,686	28,615
Other deferred pension adjustments	<u>19,994</u>	<u>17,587</u>
Total	<u>\$512,070</u>	<u>\$1,567,978</u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, CONTINUED
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NOTE 6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

The \$284,000 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, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>2022</u>	<u>2021</u>
Year ended December 31:		
2022	\$	\$(579,680)
2023	(269,465)	(413,890)
2024	(137,283)	(282,203)
2025	(66,950)	(212,133)
2026	146,061	82
2027	(321)	

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.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at December 31, 2022 and December 31, 2021 are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Collective deferred outflows of resources	\$1,660,772,008	\$1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,972,782,878
Authority's Proportion	0.0208157814%	0.0207379929%

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTE 6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 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

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.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTE 6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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:

<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 Mitigation Strategies	3.00%	4.91%

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, CONTINUED
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NOTE 6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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.

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:

	<u>June 30, 2022</u>		
	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	<u>\$4,069,942</u>	<u>\$3,141,388</u>	<u>\$2,400,397</u>
	<u>June 30, 2021</u>		
	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	<u>\$3,381,227</u>	<u>\$2,456,726</u>	<u>\$1,720,570</u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, CONTINUED
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NOTE 6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

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).

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, 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.

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.

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>.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7. OTHER POST EMPLOYMENT BENEFITS, (continued)

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.

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 31, 2022, the Authority reported a liability of \$303,935 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability 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 in the plan. At June 30, 2022 the Authority's proportion was 0.001882 percent.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7. OTHER POST EMPLOYMENT BENEFITS, (continued)

For the year ended December 31, 2021, the Authority recognized medical expense of \$3,584. At December 31, 2022 and 2021, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>	<u>2021</u>
Deferred Outflows of Resources:		
Change of assumptions	\$40,561	\$613,307
Change in proportion	3,310,258	3,989,983
Net difference between projected and actual earnings on pension plan investments	<u>15,776</u>	<u>97,705</u>
Total	<u>\$3,366,595</u>	<u>\$4,700,995</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$103,727	\$753,611
Net difference between projected and actual earnings on pension plan investments	56,337	891,972
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>7,023,924</u>	<u>3,570,120</u>
Total	<u>\$7,183,988</u>	<u>\$5,215,703</u>

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 OBE expense as follows:

Year ended June 30, 2022	
2023	\$(27,541)
2024	(27,565)
2025	(21,768)
2026	(9,722)
2027	(2,180)
Thereafter	(14,952)

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7. OTHER POST EMPLOYMENT BENEFITS, (continued)

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 the 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 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.

Inflation rate	2.50%
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 years of service within the respective plan.

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

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7. OTHER POST EMPLOYMENT BENEFITS, (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

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:

	<u>June 30, 2022</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Authority's proportionate share of			
Net OPEB liability	\$352,322	\$303,935	\$265,004

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7. OTHER POST EMPLOYMENT BENEFITS, (continued)

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	\$257,838	\$303,935	\$362,974

NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

The Authority's attorneys have informed management of no commitments or contingent liabilities.

NOTE 9. RISK MANAGEMENT

The Secaucus Municipal Utilities Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The Authority is currently a member of the New Jersey Utility Authorities Joint Insurance Fund, a public entity risk pool currently composed of 46 member authorities. The Fund provides members with Property, Liability and Worker's Compensation Insurance. The Authority continues to carry Public Officials Liability and Public Employee Dishonesty insurance through outside policies.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10. DEFERRED COMPENSATION PLAN

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

NOTE 11. JOINT SERVICE AGREEMENT

The Authority entered into an Inter-local Agreement with the Town of Secaucus. The shared services included plumbing, carpentry and painting. In 2022, the shared services also included purchasing.

NOTE 12. SUBSEQUENT EVENTS

The Secaucus Municipal Utilities Authority has evaluated subsequent events through August 9, 2023, the date which the financial statements were available to be issued and no other items were noted for disclosure.

NOTE 13. UNRESTRICTED NET POSITION

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

	<u>2022</u>	<u>2021</u>
Capital Improvements	<u>\$1,000,000</u>	<u>\$1,000,000</u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13. UNRESTRICTED NET POSITION, (continued)

At December 31, 2022 and 2021, the Authority reported a total amount of \$1,000,000 of Unrestricted Net Position - Designated for the purposes described above.

The remaining, undesignated portion of the Authority's net position was comprised of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
OPEB Related	\$(4,121,328)	\$(4,778,136)
Pension Related	(3,037,227)	(3,431,109)
Available for Use in Future Budgets	<u>1,862,019</u>	<u>3,063,590</u>
	<u>(\$5,296,536)</u>	<u>(\$5,145,655)</u>

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Required Supplementary Information - Part II

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SCHEDULE RSI-1

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Seven Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.0208157814%	0.020739929%	0.0198919419%	0.0193821700%	0.0179545791%	0.0178116326%	0.0175601274%
Authority's Proportionate Share of the Net Pension Liability	\$3,141,388	\$2,456,726	\$3,584,226	\$3,816,253	\$4,179,539	\$5,275,295	\$3,941,897
Authority's Covered-Employee Payroll	\$1,557,681	\$1,460,204	\$1,496,043	\$1,404,365	\$1,362,338	\$1,234,514	\$1,227,489
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	201.67%	168.25%	239.58%	271.74%	306.79%	427.32%	321.14%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

SCHEDULE RSI-2

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Eight Fiscal Years**

	Fiscal Year Ended December 31,							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$262,497	\$242,866	\$228,646	\$193,490	\$174,810	\$164,946	\$150,970	\$131,460
Contributions in Relation to the Contractually Required Contribution	(262,497)	(242,860)	(228,646)	<u>(193,490)</u>	<u>(174,810)</u>	<u>(164,946)</u>	<u>(150,970)</u>	<u>(131,460)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$1,557,681	\$1,460,204	\$1,531,556	\$1,496,043	\$1,404,365	\$1,362,338	\$1,234,514	\$1,227,489
Contributions as a Percentage of Authority's Covered-Employee Payroll	16.85%	16.63%	14.92%	12.93%	12.45%	12.11%	12.23%	10.71%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

SCHEDULE RSI-3

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Changes in the Authority's Proportionate
Share of the State OPEB Liability
Last Four Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:					
Service Cost	\$14,993	\$200,401	\$145,379	\$207,694	\$207,694
Interest	7,554	98,021	119,347	177,068	177,068
Difference between Expected and Actual Experience	7,575	481	248	(840,378)	(840,378)
Changes of Assumptions	10,766	(283,331)	129,918	(536,302)	(536,302)
Benefit Payments	(11,015)	(120,714)	(111,855)	(97,707)	(97,707)
Contributions - Members	1,001	10,258	9,008	12,511	12,511
Change in Allocation	<u>(4,003,378)</u>	<u>24,914</u>	<u>349,799</u>	<u>1,077,114</u>	<u>(134,913)</u>
Net Change in Total OPEB Liability	(3,972,504)	(69,970)	641,844	0	(1,212,027)
Total OPEB Liability - Beginning	<u>4,275,335</u>	<u>4,345,305</u>	<u>3,703,461</u>	<u>3,703,461</u>	<u>4,915,488</u>
Total OPEB Liability - Ending	<u>\$302,831</u>	<u>\$4,275,335</u>	<u>\$4,345,305</u>	<u>\$3,703,461</u>	<u>\$3,703,461</u>
Plan Fiduciary Net Position:					
Contributions - Employer	7,330	77,003	70,154	97,608	97,608
Contributions - Non-Employer Contribution Entities	862	8,948	8,400	12,409	12,409
Contributions - Members	1,001	10,258	9,008	12,511	12,511
Net Investment Income	4	48	686	538	538
Benefit Payments	(11,015)	(120,714)	(111,855)	(97,707)	(97,707)
Administrative Expense	(232)	(2,685)	(2,378)	(1,900)	(1,900)
Change in Allocation	<u>(10,961)</u>	<u>(506)</u>	<u>(7,339)</u>	<u>(23,459)</u>	<u>(1,394)</u>
Net Change in Plan Fiduciary Net Position	(13,011)	(27,648)	(33,324)	0	22,065
Plan Fiduciary Net Position - Beginning	<u>11,907</u>	<u>39,555</u>	<u>72,879</u>	<u>72,879</u>	<u>50,814</u>
Plan Fiduciary Net Position - Ending	<u>(1,104)</u>	<u>11,907</u>	<u>39,555</u>	<u>72,879</u>	<u>72,879</u>
Authority's Net OPEB Liability	<u>\$303,935</u>	<u>\$4,263,428</u>	<u>\$4,305,750</u>	<u>\$3,630,582</u>	<u>\$3,630,582</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.

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
Notes to Required Supplementary Information
For the Year ended December 31, 2022

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate did not change from 7.00% as of June 30, 2021 to June 30, 2022.

Other Post-employment Benefits (OPEB)

Changes in Benefit Terms - None

Changes in Assumptions - Assumptions used in calculating the OPEB liability are presented in Note 7.

Supplementary Schedules

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**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)**

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2022

		Restricted				Unrestricted		
	Net Investment in Capital Assets	Debt Service Reserve Fund	Renewal and Replacement Fund	Bond Redemption and Improvement Fund	Rebate Fund	Designated: Capital Improvements	Undesignated	Total
Operating Revenue:								
Town of Secaucus							3,369,645	3,369,645
Sewer Connection / User Fees							379,524	379,524
Total Operating Revenue	-	-	-	-	-	-	3,749,169	3,749,169
Operating Expense:								
Administrative and General							598,638	598,638
Cost of Providing Services							2,634,174	2,634,174
Depreciation	342,996							342,996
Total Operating Expense	342,996	-	-	-	-	-	3,232,812	3,575,808
Operating Income	(342,996)	-	-	-	-	-	516,357	173,361
Non-Operating Revenue (Expense):								
Interest and Miscellaneous Income			3,003	3	183		27,341	30,530
Interest Expense		(13,697)						(13,697)
Amortization	3,921							3,921
	3,921	(13,697)	3,003	3	183	-	27,341	20,754
Net Income (Loss) Before Transfers	(339,075)	(13,697)	3,003	3	183	-	543,698	194,115
Transfers:								
Budget Appropriation			15,750				(15,750)	-
Debt Service Payments	89,073						(89,073)	-
Capital Expenditures	574,925						(574,925)	-
Transfers		14,831					(14,831)	-
Increase/(Decrease) in Net Position	324,923	1,134	18,753	3	183	-	(150,881)	194,115
Net Position - January 1, 2022, Restated	3,335,952	21,907	63,036	372	19,639	1,000,000	(5,145,655)	(704,749)
Net Position - December 31, 2022	3,660,875	23,041	81,789	375	19,822	1,000,000	(5,296,536)	(510,634)

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SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Operating Accounts	Debt Service Accounts	Renewal and Replacement Accounts	Bond Redemption and Improvement Account
Cash, Cash Equivalents and Investments - January 1, 2022	4,623,791	28,181	328,786	372
Cash Receipts:				
Town of Secaucus	3,369,645			
Sewer Connection / User Fees	364,024		15,500	
Interest and Miscellaneous Income	27,918	262	3,063	3
Total Cash Receipts	<u>3,761,587</u>	<u>262</u>	<u>18,563</u>	<u>3</u>
Cash and Investments Available	<u>8,385,378</u>	<u>28,443</u>	<u>347,349</u>	<u>375</u>
Cash Disbursements:				
Bond Principal Payments	89,073			
Interest Payments	14,569			
Operations	4,156,206			
Capital and Other Expenses	574,925			
Total Cash Disbursements	<u>4,834,773</u>	<u>-</u>	<u>-</u>	
Cash, Cash Equivalents and Investments - December 31, 2022	<u><u>3,550,605</u></u>	<u><u>28,443</u></u>	<u><u>347,349</u></u>	<u><u>375</u></u>
Analysis of Balance:				
Cash and Cash Equivalents	3,550,605	28,443	347,349	375
	<u><u>3,550,605</u></u>	<u><u>28,443</u></u>	<u><u>347,349</u></u>	<u><u>375</u></u>
Unrestricted	3,550,605	-	265,560	-
Restricted	<u>-</u>	<u>28,443</u>	<u>81,789</u>	<u>375</u>
	<u><u>3,550,605</u></u>	<u><u>28,443</u></u>	<u><u>347,349</u></u>	<u><u>375</u></u>

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
 (A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN CASH AND INVESTMENTS
 UNRESTRICTED AND RESTRICTED ACCOUNTS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Rebate Account	Total
Cash, Cash Equivalents and Investments - January 1, 2022	19,639	5,000,769
Cash Receipts:		
Town of Secaucus		3,369,645
Sewer Connection / User Fees		379,524
Interest and Miscellaneous Income	183	31,429
Total Cash Receipts	183	3,780,598
Cash and Investments Available	19,822	8,781,367
Cash Disbursements:		
Bond Principal Payments		89,073
Interest Payments		14,569
Operations		4,156,206
Capital and Other Expenses		574,925
Total Cash Disbursements	-	4,834,773
Cash, Cash Equivalents and Investments - December 31, 2022	19,822	3,946,594
Analysis of Balance:		
Cash and Cash Equivalents	19,822	3,946,594
	19,822	3,946,594
Unrestricted	-	3,816,165
Restricted	19,822	130,429
	19,822	3,946,594

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022**

	FY 2022 Adopted Budget	FY 2022 Budget as Amended	Paid or Charged	Excess / (Deficit)	Prior Year Actual
Revenues:					
Town of Secaucus	3,368,881	3,368,881	3,369,645	764	3,278,181
Connection and User Fees	200,000	200,000	379,524	179,524	630,075
Interest Income	10,000	10,000	18,561	8,561	7,324
Other Income	5,000	5,000	11,969	6,969	13,297
Net Position Appropriated	1,200,000	1,200,000	1,200,000	-	1,286,749
Total Operating Revenues	4,783,881	4,783,881	4,979,699	195,818	5,215,626
Expenses:					
Operating Appropriations:					
Administration:					
Salaries and Wages	290,906	290,906	453,006	(162,100)	374,766
Fringe Benefits	133,000	133,000	215,778	(82,778)	183,502
Telephone	11,000	11,000	12,911	(1,911)	9,433
Trustee/NJEIT Fees	12,000	12,000	3,357	8,643	3,357
Legal Fees	100,000	100,000	56,200	43,800	54,481
Accounting and Auditing	46,500	46,500	43,750	2,750	43,250
Office, Stationary, Postage and Miscellaneous	55,000	55,000	60,400	(5,400)	61,477
Seminars, Conventions and Travel	20,000	20,000	9,408	10,592	3,690
Sub-total Administrative	668,406	668,406	854,810	(186,404)	733,956

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022**

	FY 2022 Adopted Budget	FY 2022 Budget as Amended	Paid or Charged	Excess / (Deficit)	Prior Year Actual
Expenses (continued):					
Operating Appropriations (continued):					
Cost of Providing Services:					
Salaries and Wages	1,459,094	1,459,094	1,346,939	112,155	1,281,669
Fringe Benefits	697,000	697,000	641,582	55,418	627,563
Electricity and Gas	270,000	270,000	272,144	(2,144)	222,779
Water	20,000	20,000	31,046	(11,046)	26,548
Treatment Chemicals	85,000	85,000	71,670	13,330	60,929
Supplies and Equipment	85,000	85,000	153,371	(68,371)	80,538
Engineering	175,000	175,000	95,295	79,705	94,707
Repairs and Maintenance	180,000	180,000	172,430	7,570	133,242
Sludge Disposal and Garbage Disposal	315,000	315,000	222,720	92,280	237,133
Testing Fees	35,000	35,000	10,879	24,121	19,145
Insurance	140,000	140,000	135,407	4,593	114,773
Laboratory Expenses	30,000	30,000	42,765	(12,765)	24,344
Permits	50,000	50,000	29,873	20,127	32,581
Uniforms	27,500	27,500	22,174	5,326	22,216
Sanitary Sewer Repairs	425,000	425,000	154,397	270,603	106,826
Sub-total Cost of Providing Services	3,993,594	3,993,594	3,402,692	590,902	3,084,993
Sub-total Operating	4,662,000	4,662,000	4,257,502	404,498	3,818,949

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022**

	FY 2022 Adopted Budget	FY 2022 Budget as Amended	Paid or Charged	Excess / (Deficit)	Prior Year Actual
Other Costs Funded by Operating Revenues:					
Debt Service:					
Bond Principal	91,072	91,072	89,073	1,999	85,996
Interest Expense	15,059	15,059	13,697	1,362	15,590
Reserves:					
Renewal and Replacement	15,750	15,750	15,750	-	15,750
Sub-total Other Costs	121,881	121,881	118,520	3,361	117,336
Total Costs Funded by Operating Revenues	4,783,881	4,783,881	4,376,022	407,859	3,936,285
Add: Excess / (Deficit)	-	-	603,677	603,677	1,279,341
	4,783,881	4,783,881	4,979,699	(195,818)	5,215,626
Excess of Revenues Over Expenses:			603,677		1,279,341
Reconciliation of Budgetary Basis to GAAP:					
Net Position Appropriated			(1,200,000)		(1,286,749)
Depreciation Expense			(342,996)		(339,655)
Amortization			3,921		3,921
Net Pension Adjustment			367,882		499,975
Net OPEB Adjustment			656,808		82,367
Reserves			15,750		15,750
Bond Principal			89,073		85,996
Total Adjustments			(409,562)		(938,395)
Change in Net Position			194,115		340,946

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**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF CAPITAL BUDGET PROGRAM
FUNDED BY FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	FY 2022 Adopted Budget	FY 2022 Budget as Amended	Paid or Charged	Excess / (Deficit)
Financing Sources:				
Unrestricted Net Position	800,000	800,000	574,925	225,075
	<u>800,000</u>	<u>800,000</u>	<u>574,925</u>	<u>225,075</u>
Capital Outlays:				
Misc. Improvements/Upgrades	800,000	800,000	574,925	225,075
	<u>800,000</u>	<u>800,000</u>	<u>574,925</u>	<u>225,075</u>
Total Capital Outlays	<u>800,000</u>	<u>800,000</u>	<u>574,925</u>	<u>225,075</u>
Total Costs Funded by Capital Revenue	800,000	800,000	574,925	225,075
Add: Excess	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>800,000</u></u>	<u><u>800,000</u></u>	<u><u>574,925</u></u>	<u><u>225,075</u></u>

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**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Outstanding Maturities December 31, 2022</u>		<u>Balance Jan. 1, 2022</u>	<u>Issued</u>	<u>2022 Redeemed</u>	<u>Balance Dec. 31, 2022</u>
			<u>Date</u>	<u>Amount</u>				
NJEIT Bonds (Series 2010A) Trust Portion	3/10/2010							
		4.00%	2023	38,000.00				
		4.00%	2024	38,000.00				
		4.00%	2025	38,000.00				
		3.50%	2026	43,000.00				
		4.00%	2027	43,000.00				
		4.00%	2028	43,000.00				
		4.00%	2029	47,000.00				
					328,000		38,000	290,000

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2022	Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
NJEIT Bonds (Series 2010A) Fund Portion	3/10/2010							
		n/a	2023	-				
		n/a	2024					
		n/a	2025					
		n/a	2026					
		n/a	2027					
		n/a	2028					
					279,270		34,909	244,361

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2022		Balance Jan. 1, 2022	Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
NJEIT Bonds (Series 2013) Trust Portion	5/30/2013							
		2.31%	2023	4,178.00				
		2.44%	2024	4,275.00				
		2.54%	2025	4,379.00				
		2.92%	2026	4,490.00				
		3.01%	2027	4,622.00				
		3.08%	2028	4,761.00				
		3.15%	2029	4,907.00				
		3.21%	2030	5,062.00				
		3.27%	2031	5,224.00				
		3.32%	2032	4,425.00				
					50,415		4,092	46,323

**SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF SECAUCUS)
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2022		Balance Jan. 1, 2022	Issued	2022 Redeemed	Balance Dec. 31, 2022
			Date	Amount				
NJEIT Bonds (Series 2013) Fund Portion	5/30/2013							
		n/a	2023	12,072.04				
		n/a	2024	12,072.04				
		n/a	2025	12,072.04				
		n/a	2026	12,072.04				
		n/a	2027	12,072.04				
		n/a	2028	12,072.04				
		n/a	2029	12,072.04				
		n/a	2030	12,072.04				
		n/a	2031	12,072.04				
		n/a	2032	9,162.25				
					129,883		12,072	117,811
					<u>787,568</u>		<u>89,073</u>	<u>698,495</u>
						Paid	<u>89,073</u>	
							<u>89,073</u>	
Current Portion					89,073			89,159
Noncurrent Portion					<u>698,495</u>			<u>609,336</u>
					<u>787,568</u>			<u>698,495</u>

SCHEDULE 6

ROSTER OF OFFICIALS

The following officials were in office at December 31, 2022:

<u>Name</u>	<u>Office</u>
<u>Authority Members</u>	
Fred Vogel	Chairman
Jorge Cardenas	Vice Chairman
Dominic Manderano	Board Member
Raymond Spellmeyer	Board Member
Timothy Stamm	Board Member
<u>Other Officials</u>	
Brian Bigler	Executive Director
Beckmeyer Engineering	Consulting Engineers
Cleary, Giacobbe, Alfieri, Jacobs, LLC	General Counsel
Wielkottz & Company, LLC	Auditor

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Government Auditing Standards Report

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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
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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
Secaucus Municipal Utilities Authority
1100 Koelle Boulevard
Secaucus, New Jersey 07094

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 Secaucus Municipal Utilities Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2023.

Internal Control Over Financial Reporting

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



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 Secaucus Municipal 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.

Wielkottz & Company, LLC

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

August 9, 2023



General Comments

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SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)

GENERAL COMMENTS

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

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

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

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

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

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

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

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

SECAUCUS MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Town of Secaucus)

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

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

We wish to thank Secaucus Municipal Utilities Authority for their cooperation during the performance of our audit.

Respectfully submitted,

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