

**EDGEWATER PARK SEWERAGE AUTHORITY
FINANCIAL STATEMENTS, SUPPLEMENTAL
SCHEDULES AND AUDITOR'S OPINIONS
FOR THE FISCAL YEARS ENDED
NOVEMBER 30, 2022 AND 2021**

EDGEWATER PARK SEWERAGE AUTHORITY

BOARD OF COMMISSIONERS

AT NOVEMBER 30, 2022

Judith Hall
Chairwoman

Phillip Aaronson
Vice Chairman

Lester Holley
Board Member

John Alexander
Board Member

Charles Ryder
Board Member

EDGEWATER PARK SEWERAGE AUTHORITY

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**EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)**

INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED NOVEMBER 30, 2022



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

INDEPENDENT AUDITOR'S REPORT

To the Chairwoman and Members of the
Edgewater Park Sewerage Authority
County of Burlington
Edgewater Park, New Jersey 08010

Opinions

We have audited the accompanying financial statements of the business-type activities of the Edgewater Park Sewerage Authority, a component unit of Edgewater Park Township (the "Authority"), in the County of Burlington, State of New Jersey, as of and for the fiscal years ended November 30, 2022 and 2021, 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 business-type activities of the Authority as of November 30, 2022 and 2021, and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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39 Paddock Lane, Cinnaminson, NJ 08077

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2021 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 29, 2022, in accordance with the financial reporting provisions described in Note 1. In our opinion, the summarized comparative information presented herein as of and for the year ended November 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the supplementary information and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2023 on our consideration of the 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 Authority's internal control over financial reporting and compliance.

Respectfully submitted,



Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
June 23, 2023



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

**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**

To the Chairwoman and Members of the
Edgewater Park Sewerage Authority
County of Burlington
Edgewater Park, New Jersey 08010

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, business-type activities and the aggregate remaining fund information of the Edgewater Park Sewerage Authority (the "Authority"), County of Burlington, State of New Jersey, as of and for the fiscal year ended November 30, 2022, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 23, 2023.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 my audit I did not identify deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

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 result 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.

Respectfully submitted,



Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
June 23, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

EDWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended November 30, 2022 and 2021
(Unaudited)

As management of the Edgewater Park Sewerage Authority, (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority for the fiscal year ended November 30, 2022.

Basic Financial Statements

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The Authority operates one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

The statement of net position presents information about all of the Authority's assets, deferred outflow of resources, liabilities and deferred inflow of resources. The residual of all the other elements is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenue, expenses and changes in net position presents information showing how the net position of the Authority changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities and investing activities. The net result of these activities added to the beginning of the year cash balance total to the cash and cash equivalent balance at the end of the current fiscal year.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Edgewater Park Sewerage Authority
(A component unit of the Township of Edgewater Park)
Statement of Net Position
For the Fiscal Years Ended November 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Asset:		
Unrestricted Assets	\$1,603,864	\$1,318,821
Restricted Assets	67,988	65,195
Capital Assets	<u>2,888,215</u>	<u>2,582,699</u>
Total Assets	<u>4,560,067</u>	<u>3,966,715</u>
Deferred Outflows of Resources:		
Pension Deferred Outflows	21,755	23,605
Deferred Outflow – Right of Use Asset	<u>649</u>	<u>265</u>
Total Deferred Outflows of Resources	<u>22,404</u>	<u>23,870</u>
Liabilities:		
Current Liabilities Payable from Unrestricted Assets	353,696	324,465
Current Liabilities Payable from Restrict Assets	231,071	225,888
Noncurrent Liabilities	<u>839,549</u>	<u>525,725</u>
Total Liabilities	<u>1,424,316</u>	<u>1,076,078</u>
Deferred Inflow of Resources:		
Pension Deferred Inflows	<u>23,381</u>	<u>68,337</u>
Total Deferred Inflows of Resources	<u>23,381</u>	<u>68,337</u>
Net Position:		
Net Investment in Capital Assets	1,999,836	1,970,031
Restricted For:		
Rate Stabilization	300,000	250,000
Unrestricted:		
Designated for Subsequent Year’s Expenditures		238,202
Unrestricted	<u>834,938</u>	<u>387,937</u>
Total Net Position	<u>\$3,134,774</u>	<u>\$2,846,170</u>

Financial Highlights

- The position of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,134,774 (*net position*).
- The total net position of the Authority increased by \$288,604 or a 10.14% increase from the prior fiscal year-end balance. The majority of the increase is attributable to additional connection fees collected in 2022, as well as the rate increases effective April 2022.

Edgewater Park Sewerage Authority
(A Component Unit of the Township of Edgewater Park)
Statement of Changes in Net Position
For the Fiscal Years Ended November 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues:		
Charges for Services	\$2,086,280	\$1,772,994
Other Revenue	23,866	24,380
Nonoperating Revenues:		
Interest Revenue	1,231	1,120
Gain on Sale of Asset	<u>15,000</u>	<u>-</u>
Total Revenues	<u>2,126,377</u>	<u>1,798,494</u>
Expenses:		
Administration:		
Salaries	75,170	74,382
Employee Benefits	11,373	10,488
Other Expenses	154,302	167,827
Cost of Providing Service:		
Operating & Maintenance	1,374,057	1,306,258
Depreciation	168,605	168,735
Nonoperating Expenses:		
Cost of Issuance	29,506	
Interest on Debt	<u>24,760</u>	<u>21,527</u>
Total Expenses	<u>1,837,773</u>	<u>1,755,217</u>
Increase/(Decrease) in Net Position	288,604	43,277
Net Position, December 1	<u>2,846,170</u>	<u>2,802,893</u>
Net Position, November 30	<u>\$3,134,774</u>	<u>\$2,846,170</u>

Total revenues increased by 18.23% mainly due to more connection fees and a rate increase in 2022.

Total expenditures increased by 4.70% primarily due to increases in engineering and treatment fees.

Capital Assets

	<u>2022</u>	<u>2021</u>
Land	\$ 58,850	\$ 58,850
Infrastructure	2,689,036	2,413,624
Buildings & Improvements	-	-
Machinery & Equipment	110,274	60,133
Right-to-Use-Assets	<u>30,055</u>	<u>50,092</u>
Net Capital Assets	<u>\$2,888,215</u>	<u>\$2,582,699</u>

Edgewater Park Sewerage Authority
(A Component Unit of the Township of Edgewater Park)
Capital Assets (Net of Accumulated Depreciation)
For the Fiscal Years Ended November 30, 2022 and 2021
(Unaudited)

The Authority's capital assets as of November 30, 2022, totaled \$2,888,215 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. The total increase in the Authority's investment in capital assets for the current fiscal year was \$305,516, or a 11.83% increase. This increase is mainly due to the addition of the Roosevelt Park Sewer Extension.

Debt

The Authority has entered a 2004 New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for the modernization of Sanitary Sewer Pump Station No. 6 in the amount of \$311,957. During fiscal year ending November 30, 2011 the Authority did not utilize the entire funding portion of the 2004 loan and the New Jersey Environmental Infrastructure Trust forgave \$3,942 of the Authority's Fund Loan Agreement. The Trust Loan portion of \$155,000 is payable over a twenty year period and bears interest rates ranging from 3.00% to 5.00%. The Fund Loan portion of \$156,957 is a no interest loan payable over a twenty-year period. The outstanding balances of the Trust Loan and Fund Loan are \$18,368 and \$9,806, respectively, as of November 30, 2022.

The Authority has also entered a 2010 New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for upgrades and improvements to certain pump stations and replacement of certain sewer mains of the Authority in the amount of \$2,930,420. During fiscal years ending November 30, 2012 and 2013 the Authority did not utilize the entire funding portion of the 2010 loan and the New Jersey Environmental Infrastructure Trust forgave \$518,256 and \$36,534 respectively for a total of \$554,790 of the Fund Loan Agreement. During fiscal year ending November 30, 2013 the Authority refunded the 2010 Bonds. The Trust Loan portion of \$995,000 is payable over a fifteen year period and bears an interest rate of 5.00%. The Fund Loan portion of \$1,475,420 is a no interest loan payable over a twenty year period. The outstanding balances of the Trust Loan and Fund Loan are \$293,000 and \$77,533, respectively, as of November 30, 2022.

For the Future

The Edgewater Park Sewerage Authority is currently in satisfactory financial condition. However, a major concern is the continuation of quality service at an affordable cost to the Authority's consumers. The Authority authorized a sewer service fee increase from \$420 to \$520 for fiscal year 2022. Also, the Authority approved an increase to the connection fee rate from \$3,577 to \$5,085 for fiscal year 2022. The Authority will continue to conduct rate studies in future years in order to ensure the service charges are adequate to provide the continuation of quality service to its consumers.

In conclusion, the Edgewater Park Sewerage Authority has committed itself to providing excellent service to their consumers. The Authority plans to continue its sound fiscal management to meet the challenges of the future.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority. Questions concerning any of the information provided in this report may be directed to the Treasurer of the Authority.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
COMPARATIVE STATEMENT OF NET POSITION
AS OF NOVEMBER 30, 2022 AND 2021

ASSETS	2022	2021
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$1,416,558	1,175,780
Consumer Accounts Receivable	185,556	141,291
Prepaid Rent Expense	1,750	1,750
	<hr/>	<hr/>
Total Unrestricted Current Assets	1,603,864	1,318,821
	<hr/>	<hr/>
Restricted Assets:		
Cash & Cash Equivalents	67,495	64,573
Accrued Interest Receivable	493	622
	<hr/>	<hr/>
Total Restricted Current Assets	67,988	65,195
	<hr/>	<hr/>
Property, Plant & Equipment (Note 6):		
Property, Plant & Equipment	6,193,847	5,710,991
Less: Accumulated Depreciation	3,305,632	3,128,292
	<hr/>	<hr/>
Net Property, Plant & Equipment	2,888,215	2,582,699
	<hr/>	<hr/>
Total Assets	4,560,067	3,966,715
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Deferred Outflows	21,755	23,605
Deferred Outflows - Right of Use Asset	649	265
	<hr/>	<hr/>
Total Deferred Outflows of Resources	22,404	23,870
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$4,582,471	3,990,585
	<hr/>	<hr/>

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

EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
COMPARATIVE STATEMENT OF NET POSITION
AS OF NOVEMBER 30, 2022 AND 2021

	2022	2021
LIABILITIES		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	333,165	303,842
Unearned Revenue	6,601	8,827
Sewer Rent Overpayments	1,969	1,230
Pension Payable	11,961	10,566
	<hr/>	<hr/>
Total Current Liabilities Payable From Unrestricted Assets	353,696	324,465
	<hr/>	<hr/>
Current Liabilities Payable From Restricted Assets:		
Customer Escrow Deposits	28,596	32,997
Reserve for Unemployment Claims	3,218	3,218
Accrued Interest	12,215	6,415
Lease Payable	20,303	19,654
Loan Payable	166,739	163,604
	<hr/>	<hr/>
Total Current Liabilities Payable From Restricted Assets	231,071	225,888
	<hr/>	<hr/>
Noncurrent Liabilities:		
Net Pension Payable	131,180	96,315
Lease Payable	10,401	30,703
Loan Payable	231,968	398,707
Bond Payable	466,000	-
	<hr/>	<hr/>
Total Noncurrent Liabilities	839,549	525,725
	<hr/>	<hr/>
Total Liabilities	1,424,316	1,076,078
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Pension Deferred Inflows	23,381	68,337
	<hr/>	<hr/>
Total Deferred Inflows of Resources	23,381	68,337
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	1,999,836	1,970,031
Restricted for:		
Rate Stabilization	300,000	250,000
Unrestricted for:		
Designated for Subsequent Year's Expenditures		238,202
Unrestricted	834,938	387,937
	<hr/>	<hr/>
Total Net Position	\$3,134,774	2,846,170
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$4,582,471</u>	<u>3,990,585</u>

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

EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2022 AND 2021

	2022	2021
Operating Revenues:		
Charges for Sewer Service	\$2,086,280	1,772,994
Other Revenue	23,866	24,380
	<hr/>	<hr/>
Total Operating Revenues	2,110,146	1,797,374
	<hr/>	<hr/>
Operating Expenses:		
Administration:		
Salaries	75,170	74,382
Employee Benefits	11,373	10,488
Other Expenses	154,302	167,827
Cost of Providing Services:		
Other Expenses	1,374,057	1,312,258
Depreciation	168,605	168,735
	<hr/>	<hr/>
Total Operating Expenses	1,783,507	1,733,690
	<hr/>	<hr/>
Operating Income/(Loss)	326,639	63,684
	<hr/>	<hr/>
Nonoperating Revenue/(Expenses):		
Interest on Debt	(24,760)	(21,527)
Interest Revenue	1,231	1,120
Cost of Issuance	(29,506)	
Gain on Sale of Asset	15,000	
	<hr/>	<hr/>
Total Nonoperating Revenue/(Expense)	(38,035)	(20,407)
	<hr/>	<hr/>
Change in Net Position	288,604	43,277
Net Position - Beginning of Year	2,846,170	2,802,893
	<hr/>	<hr/>
Net Position - End of Year	<u>\$3,134,774</u>	<u>2,846,170</u>

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

EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Receipts from Customers	\$2,040,657	1,788,363
Receipts from Other Operating Revenue	23,866	24,380
Payments to Employees	(75,170)	(74,382)
Payments for Employee Benefits	(11,373)	(10,488)
Payments to Suppliers	(1,505,882)	(1,485,491)
Net Cash Provided by Operating Activities	<u>472,098</u>	<u>242,382</u>
Cash Flows from Noncapital Financing Activities:		
Escrow Deposit Activity	(4,400)	11,599
Net Cash Provided for Noncapital Financing Activities	<u>(4,400)</u>	<u>11,599</u>
Cash Flows from Capital & Related Financing Activities:		
Capital Acquisitions	(494,158)	(74,340)
Debt Service:		
Principal	(163,604)	(163,990)
Interest	(18,960)	(22,802)
Cost of Issuance	(29,507)	
Gain on Sale of Assets	15,000	
Bond Proceeds	466,000	
Net Cash Provided for Capital & Related Financing Activities	<u>(225,229)</u>	<u>(261,132)</u>
Cash Flows from Investing Activities:		
Interest & Dividends	1,231	1,120
Net Cash Provided by Investing Activities	<u>1,231</u>	<u>1,120</u>
Net Increase in Cash & Cash Equivalents	243,700	(6,031)
Cash & Cash Equivalents - Beginning of Year	<u>1,240,353</u>	<u>1,246,384</u>
Cash & Cash Equivalents - End of Year	<u><u>\$1,484,053</u></u>	<u><u>1,240,353</u></u>

Reconciliation on Net Income to Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$326,639	63,684
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Activities:		
Depreciation	168,605	168,735
Working Capital Changes Which Provided/(Used) by Cash:		
Accounts Receivable	(44,136)	20,188
Accounts Payable	22,477	(5,406)
Unearned Revenue	(2,226)	(3,994)
Sewer Overpayments	739	(825)
Net Cash Provided/(Used) by Operating Activities	<u><u>\$472,098</u></u>	<u><u>242,382</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Edgewater Park Sewerage Authority have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements have been prepared on an accrual basis and in conformity with generally accepted accounting principles applicable to Enterprise Funds of State and local governments.

The accompanying financial statements present the financial position of the Authority, the results of operations of the Authority and the cash flows of the proprietary fund. The financial statements are presented as of November 30, 2022.

A. Reporting Entity

The Township of Edgewater Park incorporated in 1945 is located in western Burlington County, New Jersey along the Delaware River approximately fifteen miles from the City of Philadelphia and covers an area of approximately 2.86 square miles. The present population according to the 2020 census is 8,930.

The Township, by ordinance in 1945 created the Edgewater Park Sewerage Authority ("Authority"). The Authority is organized under the provisions P.L. 1957 Chapter 138 (the Act). The Act grants power to every municipality of the State to acquire, construct, maintain, operate or improve works for the collection, treatment, purification or disposal of sewerage or other wastes through establishment of a municipal utilities. The Authority is governed by a five-member board. Members of the Board are appointed by the Township Committee for five-year terms on a staggered basis. The members of the Board oversee the Authority's operation.

The Authority was created to construct and operate a wastewater collection system within the municipal boundaries of the Township. The Authority has also entered into a service agreement with the Township of Willingboro for the collection and treatment of a portion of sewer discharged from the Authority's system.

The Authority bills and collects for its services from all customers and is entitled to a connection fee for new hook-ups.

The Edgewater Park Sewerage Authority is a component unit of the Township of Edgewater Park as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of a service agreement between the Authority and the Township. These financial statements would be either blended or discreetly present as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (continued):

B. Basis of Presentation

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for capital activity; restricted for debt service; and unrestricted components.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements:

The following GASB Statements became effective for the year ended November 30, 2022:

Statement No. 87, *Leases*. This Standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management does not expect this Statement to have a material impact on the Authority's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. The adoption of this statement had no impact on the Authority's financial statements.

THE EDGEWATER PARK SEWERAGE AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

The GASB has issued the following statements which will become effective in future fiscal years as shown below:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 establishes a single approach to accounting to accounting and financial reporting for subscription-based information technology arrangements for government end users. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the Authority's financial statements.

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the Authority's financial statements.

C. Budgetary Data

The Edgewater Park Sewerage Authority must adopt an annual budget in accordance with *N.J.A.C.5:31-2*. *N.J.A.C.5:31-2* requires the governing body to introduce the annual authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year.

The legal level of budgetary control is established at the detail shown on the Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected.

D. Contributed Capital

Contributed Capital consists primarily of sewer lines and pumping stations constructed by local developers and donated to the Authority. These items are recorded at estimated fair market value. The sewer lines and pumping stations are recorded as contributed capital in the period received.

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (continued)

E. Property, Plant and Equipment

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings & Improvements	30 years
Infrastructure	10-75 years
Machinery & Equipment	5-15 years

Property, Plant and Equipment owned by the Authority are recorded at cost. Repairs and maintenance are recorded as expenses.

F. Statement of Cash Flows

For purpose of the statement of cash flows, the Authority considers investments with maturities of three months or less to be cash equivalents.

G. Investment Securities

State laws authorize the Authority to invest in obligations of the U.S. Treasury and other instruments allowed under *N.J.S.40A:5-14*. Cash and Investments include bank balances and investments that at the balance sheet date were entirely insured. Investments are shown at market value.

H. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events of the date of the financial statements. Accordingly, upon settlement, actual results may differ.

I. Escrow Funds

Escrow funds represent engineer review fee deposits held in trust from developers in order to pay engineering, legal and administrative expenses.

J. Leases

The Authority is a lessee of building space. The Authority recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability – right-to-use and an intangible right-to-use lease asset in the financial statements based on the criteria dictated in GASB Statement No. 87 – Leases.

K. Net Position

Net Position is distributed into the following two categories:

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 1. Summary of Significant Accounting Policies (continued)

Restricted – represents net assets that are set aside as required by the Authority’s bond resolution. Other reserved retained earnings include amounts set aside as net investment in capital assets, renewals and reserves and debt service requirements.

Unrestricted – represents cumulative earnings that are currently available and may be appropriated for any lawful purpose.

Note 2. Cash and Cash Equivalents and Investments

The Authority is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at November 30, 2022 and 2021 reported at fair value are as follows:

	<u>2022</u>	<u>2021</u>
Deposits:		
Demand Deposits	<u>\$1,484,053</u>	<u>\$1,240,353</u>
Total Deposits	<u>\$1,484,053</u>	<u>\$1,240,353</u>

Reconciliation of Comparative Statement of Net Position:

	<u>2022</u>	<u>2021</u>
Unrestricted Assets:		
Cash & Cash Equivalents	\$1,416,558	\$1,175,780
Restricted Assets:		
Cash & Cash Equivalents	<u>67,495</u>	<u>64,573</u>
Total Reconciliation of Comparative Statement Net Position	<u>\$1,484,053</u>	<u>\$1,240,353</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$1,481,396 and \$1,241,503 at November 30, 2022 and 2021, respectively.

As of November 30, 2022 and 2021, the Authority’s bank balances were exposed to custodial credit risk as follows:

	<u>2022</u>	<u>2021</u>
Insured by FDIC	\$ 278,650	\$ 278,359
Insured by GUDPA	<u>1,202,746</u>	<u>963,144</u>
Total	<u>\$1,481,396</u>	<u>\$1,241,503</u>

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 2. Cash and Cash Equivalents and Investments (continued):

The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

Investment Interest Rate Risk – The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at November 30, 2022 are provided in the above schedule.

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

Concentration of Investment Credit Risk – The Authority places no limit on the amount it may invest in any one issuer.

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The Authority has deposited cash with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Authority invests monies in certificates of deposits from time to time.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit

THE EDGEWATER PARK SEWERAGE AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or

December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository.

The Authority requests copies of these approval forms semiannually to assure that all depositories are complying with requirements.

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 4. Pension Plan

Description of System and Vesting

All eligible authority employees participate in the contributory defined benefit public employee retirement system established by state statute. The Public Employees Retirement System (PERS) is sponsored and administered by the State of New Jersey and considered a cost-sharing multiple employer plan.

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

At November 30, 2022 the Authority reported a liability of \$143,141 for its proportionate share of the net pension liability as 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 elected to record \$11,961 as current pension liability from the above amount. 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 authorities, actuarially determined. At June 30, 2022, the authority's proportion was .0009022162% which increased slightly by .000046% from its proportion measured as of June 30, 2021.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the years ended November 30, 2022 and 2021, the Authority recognized pension expense of \$4,279 and \$3,398 respectively. At November 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 4. Pension Plan (continued):

	<u>November 30, 2022</u>		<u>November 30, 2021</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,686	\$ 765	\$ 1,686	\$ 765
Changes of Assumptions	557	38,050	557	38,050
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		28,155		28,155
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	21,362	1,367	21,362	1,367
Authority Contributions Subsequent to The Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 23,605</u>	<u>\$ 68,337</u>	<u>\$ 23,605</u>	<u>\$ 68,337</u>

\$21,755 and \$23,605 will be reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended November 30, 2022 and 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended November 30,		Year Ended November 30,	
2023	\$ (12,278)	2022	\$ 18,722
2024	(6,255)	2023	(29,494)
2025	(3,051)	2024	(21,150)
2026	6,655	2025	(12,443)
2027	(15)	2026	(367)
Thereafter	<u>-</u>	Thereafter	<u>-</u>
Total	<u>\$ (14,944)</u>	Total	<u>\$ (9,622)</u>

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, 5.63, and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 4. Pension Plan (continued):

Additional Information

Collective balances at November 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Collective deferred outflows of resources	\$ 21,755	\$ 23,605
Collective deferred inflows of resources	68,381	68,337
Collective net pension liability	\$ 143,141	\$ 106,881
Authority's Proportion	.0009484968%	.0009022162%

Actuarial Assumptions

The total pension liability in the June 30, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

	<u>2022</u>		<u>2021</u>
Inflation Rate		Inflation Rate	
Price	2.75%	Price	2.75%
Wage	3.25%	Wage	3.25%
Salary Increases:	2.75 – 6.55%	Salary Increases:	2.00 – 6.00%
	Based on Years of Service	Through 2026	Based on Age of Service
		Thereafter	3.00 – 7.00% Based on Age of Service
Investment Rate of Return	7.00%	Investment Rate of Return	7.00%

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.

Long-Term Expected 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

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 4. Pension Plan (continued):

arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 and 2020 are summarized in the following tables:

Asset Class	2022 Target Allocation	2022 Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets 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	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Asset Class	2021 Target Allocation	2021 Long-Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.73%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	.50%
U.S. Treasuries	5.00%	.95%
Risk Mitigation Strategies	3.00%	3.35%

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 4. Pension Plan (continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to 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 and 2021, respectively, 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:

2022			
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Authority's Proportionate Share of Net Pension Liability	\$ 183,894	\$ 143,141	\$ 108,458
2021			
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
Authority's Proportionate Share of Net Pension Liability	\$ 145,550	\$ 106,881	\$ 75,065

Description of System and Vesting

Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

THE EDGEWATER PARK SEWERAGE AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 4. Pension Plan (continued):

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

Contribution Requirements

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.50%, effective July 1, 2018 of employees' annual compensation as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The Edgewater Park Sewerage Authority's contribution to P.E.R.S. for the year ending November 30, 2022 and 2021 was \$11,961 and \$10,566 respectively.

Additional detailed information about the pension plan is available in the separately issued State of New Jersey Public Employees' Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts by Employer at <http://www.nj.gov/treasury/pensions/gasb-68-rpts.shtml>

Note 5. Other Agreements

The Authority has entered into an agreement with the Township of Willingboro Sewerage Authority, which provides for the treatment and disposal of sewerage and other waste collected in Edgewater Park by the Willingboro Sewerage Authority at various rates based upon water consumption. This agreement expires December 2, 2045.

Note 6. Schedule of Capital Assets

	Balance November 30, 2021	Additions	Deletions	Balance November 30, 2022
Land	\$ 58,850			\$ 58,850
Capital Assets Being Depreciated:				
Infrastructure	5,238,760	438,548		5,677,308
Building & Building Improvements	43,393			43,393
Machinery & Equipment	309,877	55,610	(11,302)	354,185
Right-to-Use-Assets	60,111			60,111
Total Capital Assets Being Depreciated	<u>5,652,141</u>	<u>494,158</u>	<u>(11,302)</u>	<u>6,134,997</u>

THE EDGEWATER PARK SEWERAGE AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 6. Schedule of Capital Assets (continued):

	Balance November 30, 2021	Additions	Deletions	Balance November 30, 2022
Less: Accumulated Depreciation:				
Infrastructure	\$ (2,825,136)	(163,136)		\$ (2,988,272)
Building & Building Improvements	(43,393)			(43,393)
Machinery & Equipment	(249,744)	(5,469)	11,302	(243,911)
Right-to-Use-Assets	(10,019)	(20,037)		(30,056)
	<u>(3,128,292)</u>	<u>(188,642)</u>	<u>11,302</u>	<u>(3,305,632)</u>
Total Accumulated Depreciation	<u>(3,128,292)</u>	<u>(188,642)</u>	<u>11,302</u>	<u>(3,305,632)</u>
Net Capital Assets Being Depreciated	<u>2,523,849</u>	<u>305,516</u>	<u>-</u>	<u>2,829,365</u>
Total Capital Assets	<u>\$ 2,582,699</u>	<u>305,516</u>	<u>-</u>	<u>\$ 2,888,215</u>

	Balance November 30, 2020	Adjustments/ Additions	Deletions	Balance November 30, 2021
Land	\$ 58,850			\$ 58,850
Capital Assets Being Depreciated:				
Infrastructure	5,223,400	15,360		5,238,760
Building & Building Improvements	43,393			43,393
Machinery & Equipment	272,897	58,980	(22,000)	309,877
Right-to-Use Assets		60,111		60,111
	<u>5,539,690</u>	<u>134,451</u>	<u>(22,000)</u>	<u>5,652,141</u>
Total Capital Assets Being Depreciated	<u>5,539,690</u>	<u>134,451</u>	<u>(22,000)</u>	<u>5,652,141</u>
Less: Accumulated Depreciation:				
Infrastructure	\$ (2,663,371)	(161,765)		\$ (2,825,136)
Building & Building Improvements	(43,393)			(43,393)
Machinery & Equipment	(264,774)	(6,970)	22,000	(249,744)
Right-to-Use Assets		(10,019)		(10,019)
	<u>(2,971,538)</u>	<u>(178,754)</u>	<u>22,000</u>	<u>(3,128,292)</u>
Total Accumulated Depreciation	<u>(2,971,538)</u>	<u>(178,754)</u>	<u>22,000</u>	<u>(3,128,292)</u>
Net Capital Assets Being Depreciated	<u>2,568,152</u>	<u>(44,303)</u>	<u>-</u>	<u>2,523,849</u>
Total Capital Assets	<u>\$ 2,627,002</u>	<u>(44,303)</u>	<u>-</u>	<u>\$ 2,582,699</u>

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 7. Receivables

All receivables are considered to be collectible in full due to the statutory provisions provided to authorities. Receivables as of year-end for the Authority are as follows:

	<u>2022</u>	<u>2021</u>
Consumer	\$185,556	\$141,291
Total Accounts Receivable	<u>\$185,556</u>	<u>\$141,291</u>

Note 8. Long-Term Debt

A. NJEIT Loans Dated February 1, 2004

The Authority has entered into a New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for the modernization of Sanitary Sewer Pump Station No. 6 in the amount of \$311,957. During fiscal year ending November 30, 2011 the Authority did not utilize the entire funding portion of the 2004 loan and the New Jersey Environmental Infrastructure Trust forgave \$3,942 of the Authority's Fund Loan Agreement. The Trust Loan portion of \$155,000 is payable over a twenty-year period and bears interest rates ranging from 3.00% to 5.00%. The Fund Loan portion of \$156,957 is a no interest loan payable over a twenty-year period. As of November 30, 2022 and 2021 are as follows:

	Balance November 30, 2021	Retired/ Adjustment	Balance November 30, 2022	Due Within One Year
Trust Loan Payable	\$ 26,597	\$ 8,229	\$ 18,368	\$ 9,195
Fund Loan Payable	<u>17,140</u>	<u>7,334</u>	<u>9,806</u>	<u>7,011</u>
Total	<u>\$ 43,737</u>	<u>\$ 15,563</u>	<u>\$ 28,174</u>	<u>\$ 16,206</u>

	Balance November 30, 2020	Retired/ Adjustment	Balance November 30, 2021	Due Within One Year
Trust Loan Payable	\$ 34,891	\$ 8,294	\$ 26,597	\$ 8,229
Fund Loan Payable	<u>24,797</u>	<u>7,657</u>	<u>17,140</u>	<u>7,334</u>
Total	<u>\$ 59,688</u>	<u>\$ 15,951</u>	<u>\$ 43,737</u>	<u>\$ 15,563</u>

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 8. Long-Term Debt (continued):

A. NJEIT Loans Dated February 1, 2004 (continued):

The Authority will receive the following annual services credit, which will be applied to their annual debt service payment for the 2004 New Jersey Environmental Trust loan:

Year	Savings Credit Principal	Savings Credit Interest
2023	804.73	127.74
2024	826.92	70.56

The Authority recorded a receivable for the loan proceeds. The receivable is increased by the investment revenue earned on the funds until they are drawn down from the New Jersey Environmental Infrastructure Trust and deposited into the Authority's revolving fund. At November 30, 2022 the receivable balance is \$493.

Future principal and interest payments are as follows:

Fiscal Year Ending November 30	Principal	Interest	Total
2023	16,206	735	16,941
2024	11,968	367	12,335
Total	<u>\$ 28,174</u>	<u>\$ 1,102</u>	<u>\$ 29,276</u>

B. NJEIT Loans Dated October 7, 2010

The Authority entered into a New Jersey Environmental Infrastructure Trust and Fund Loan Agreement for the upgrades and improvements to certain pump stations and replacement of certain sewer mains of the Authority in the amount of \$2,930,420. During fiscal years ending November 30, 2011 and 2013 the Authority did not utilize the entire funding portion of the 2010 loan and the New Jersey Environmental Infrastructure Trust forgave \$518,256 and \$36,534 respectively for a total of \$554,790 of the Authority's Fund Loan Agreement. Also, during the fiscal year ending November 30, 2013 the Authority refunded its loan agreement. The Trust Loan portion of \$1,455,000 was refunded to become \$995,000 and is payable over a fifteen-year period that bears an interest rate of 5.00%. The Fund Loan portion of \$957,164 is no interest loan payable over a twenty-year period. As of November 30, 2022 and 2021 the loan payable are as follows:

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 8. Long-Term Debt (continued):

B. NJEIT Loans Dated October 7, 2010 (continued):

	Balance November 30, 2021	Retired/ Adjustment	Balance November 30, 2022	Due Within One Year
Trust Loan Payable	\$ 362,000	\$ 69,000	\$ 293,000	\$ 73,000
Fund Loan Payable	<u>156,574</u>	<u>79,041</u>	<u>77,533</u>	<u>77,533</u>
Total	<u>\$ 518,574</u>	<u>\$148,041</u>	<u>\$ 370,533</u>	<u>\$150,533</u>

	Balance November 30, 2020	Retired/ Adjustment	Balance November 30, 2021	Due Within One Year
Trust Loan Payable	\$ 431,000	\$ 69,000	\$ 362,000	\$ 69,000
Fund Loan Payable	<u>235,614</u>	<u>79,040</u>	<u>156,574</u>	<u>79,041</u>
Total	<u>\$ 666,614</u>	<u>\$ 148,040</u>	<u>\$ 518,574</u>	<u>\$148,041</u>

The Authority will receive the following annual services credit, which will be applied to their annual debt service payment for the 2010 New Jersey Environmental Trust loan:

Year	Savings Credit Principal	Savings Credit Interest
2023	7,000	1,350
2024	7,000	1,000
2025	8,000	650
2026	5,000	250

Future principal and interest payments are as follows:

Fiscal Year Ending November 30	Principal	Interest	Total
2023	150,533	14,650	165,183
2024	78,000	11,000	89,000
2025	82,000	7,100	89,100
2026	<u>60,000</u>	<u>3,000</u>	<u>63,000</u>
Total	<u>\$ 370,533</u>	<u>\$ 35,750</u>	<u>\$ 406,283</u>

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 8. Long-Term Debt (continued):

C. Sewer Revenue Bonds, Series 2022 Dated July 7, 2022

The Authority entered into a Loan Agreement for certain upgrades and improvements to the gravity collection system in the Roosevelt Park Sewerage Extension to alleviate the need for additional pump stations and the replacement of certain sewer mains of the Authority in the amount of \$466,000. As of November 30, 2022 the loan payable is as follows:

	Balance November 30, 2021	Issued	Balance November 30, 2022	Due Within One Year
Loan Payable	-	\$ 466,000	\$ 466,000	-
Total	-	\$ 466,000	\$ 466,000	-

Future principal and interest payments are as follows:

Fiscal Year Ending November 30	Principal	Interest	Total
2023	-	22,572	22,572
2024	51,000	16,794	67,794
2025	50,000	14,826	64,826
2026	50,000	12,924	62,924
2027	50,000	11,023	61,023
2028	50,000	9,150	59,150
2029	50,000	7,221	57,221
2030	55,000	5,225	60,225
2031	55,000	3,134	58,134
2032	55,000	1,048	56,048
Total	\$ 466,000	\$ 103,918	\$ 569,918

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 8. Long-Term Debt (continued):

D. Lease Liability: Right-to-Use Asset Agreements

The Authority leases a building for office space with a three (3) year term and an interest rate of 3.25%. This lease is under a long-term, noncancelable lease agreement. The lease expires in May 2024.

Total future principal and interest payments are as follows:

Fiscal Year Ending November 30	Principal	Interest	Total
2023	20,303	697	21,000
2024	<u>10,401</u>	<u>99</u>	<u>10,500</u>
Total	<u>\$ 30,704</u>	<u>\$ 796</u>	<u>\$ 31,500</u>

The lease agreements qualify as right-to-use assets for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as the date of their inception. The assets acquired through right-to-use asset lease agreements are as follows:

Right-to-Use-Assets:

Building	\$ 60,111
Less: Accumulated Amortization	<u>(30,055)</u>
	<u>\$ 30,056</u>

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 8. Long-Term Debt (continued):

E. Outstanding Debt

The following is a summary of long-term debt at November 30, 2022 and 2021:

	Balance 11/30/2021	Issued	Retired	Balance 11/30/2022	Amounts Due Within One Year
Bonds Payable	\$ -	466,000		\$ 466,000	\$ -
2004 NJEIT Fund Loan	17,140		(7,334)	9,806	7,011
2004 NJEIT Trust Loan	26,598		(8,229)	18,369	9,195
2010 NJEIT Fund Loan	156,573	-	(79,040)	77,533	77,533
2010 NJEIT Trust Loan	362,000	-	(69,000)	293,000	73,000
Lease Payable	50,358		(19,654)	30,704	20,303
Net Pension Liability	106,881	36,260	-	143,141	11,961
Long Term Liabilities	\$ 719,550	\$ 502,260	\$ (183,257)	\$ 1,038,553	\$ 199,003

	Balance 11/30/2020	Issued	Adjustment/ Retired	Balance 11/30/2021	Amounts Due Within One Year
2004 NJEIT Fund Loan	\$ 24,797	\$ -	\$ (7,657)	\$ 17,140	\$ 7,334
2004 NJEIT Trust Loan	34,891	-	(8,293)	26,598	8,229
2010 NJEIT Fund Loan	235,614	-	(79,041)	156,573	79,040
2010 NJEIT Trust Loan	431,000	-	(69,000)	362,000	69,000
Lease Payable		60,111	(9,754)	50,357	19,654
Net Pension Liability	148,398	-	(41,517)	106,881	10,566
Long Term Liabilities	\$ 874,700	\$ 60,111	\$ (215,262)	\$ 719,549	\$ 193,823

Note 9. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission; employee health and accident claims, and natural disasters. The Authority has chosen to purchase insurance to transfer risk to outside parties.

Property and Liability Insurance – The Authority maintains commercial insurance for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 10. Service Fees

The following is a five year comparison of service fee billings and the related collections:

Fiscal Year Ending November 30,	Balance December 1	Service Fees	Total	Cash Collections	Percentage
2022	141,291	2,089,815	2,231,206	2,035,593	91.30%
2021	161,738	1,769,423	1,931,161	1,772,994	91.81%
2020	163,945	1,634,925	1,798,870	1,652,556	91.87%
2019	166,973	1,652,407	1,819,380	1,650,846	90.74%
2018	165,875	1,678,887	1,844,762	1,677,417	90.93%

Note 11. Service Organization's SSAE 18 Requirement

The Authority utilizes NJ American Water Company, Inc. to provide consumption data of the Authority's customers' water usage. This data is used to bill the commercial customers of the Authority, as sewer charges are based on the amount of water consumed. Statement of Auditing Standards for Attestation Engagements No. 18 requires the Authority to receive an internal control report from service organizations providing such services mentioned above. The Authority has requested an internal control report from NJ American Water Company, Inc. and they have refused to accommodate the Authority's request.

Note 12. Unrestricted Net Position Appropriated

The following schedule details the amount of unrestricted net position balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budget:

Fiscal Year Ending November 30,	Balance November 30,	Utilized in Budget of Succeeding Year	Percentage
2022	\$ 835,179	- 0 -	- 0 -%
2021	626,139	238,202	38.04%
2020	670,620	238,202	35.52%
2019	826,615	234,814	28.41%
2018	858,606	239,866	27.05%

THE EDGEWATER PARK SEWERAGE AUTHORITY
(A Component Unit of the Township of Edgewater Park)
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2022 AND 2021

Note 13. Change in Accounting principal and prior period restatement

Effective November 30, 2022, the Edgewater Park Sewerage Authority implemented GASB Statement No. 87, *Leases*. The requirements of this Statement improve financial reporting by increasing the usefulness of the Edgewater Park Sewerage Authority's financial statements by requiring recognition of lease assets and liabilities for leases that previously were classified as capital and operating leases. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. These changes were incorporated in the Edgewater Park Sewerage Authority's financial statements and had an effect on the beginning net position. The implementation of GASB Statement No. 87 had the following effect on the financial statements as reported November 30, 2021:

	Balance November 30, 2021 As Previously Reported	Adjustment	Balance November 30, 2021 As Restated
Property, Plant, & Equipment	\$ 5,650,880	\$ 60,111	\$ 5,710,991
Accumulated Depreciation	(3,118,273)	(10,019)	(3,128,292)
Net Position -			
Net Investment in Capital Assets	(2,001,872)	31,841	(1,970,031)
Deferred Outflow of Resources – ROU	-	265	265
Lease Payable - Current	-	(19,654)	(19,654)
Lease Payable – Long Term	-	(30,703)	(30,703)
Net Position - Unrestricted	\$ (356,096)	\$ (31,841)	\$ (387,937)

See Note 8 for additional detail regarding the active Edgewater Park Sewerage Authority leases subject to this standard.

Note 14. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between November 30, 2022 and June 23, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

EDGEWATER PARK SEWERAGE AUTHORITY
SCHEDULE OF ANTICIPATED REVENUES, OPERATING APPROPRIATIONS, PRINCIPAL
PAYMENTS AND NONOPERATING APPROPRIATIONS COMPARED TO BUDGET
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2022 AND 2021

	2022			2021		
	ORIGINAL BUDGET	BUDGET AFTER TRANSFERS	ACTUAL	ORIGINAL BUDGET	BUDGET AFTER TRANSFERS	ACTUAL
Revenues:						
Operating Revenues:						
Service Fees	\$1,685,000	1,685,000	2,086,280	\$1,664,000	1,664,000	1,772,994
Other	5,000	5,000	18,359	5,000	5,000	24,380
Total Operating Revenues	1,690,000	1,690,000	2,104,639	1,669,000	1,669,000	1,797,374
Nonoperating Revenues:						
Miscellaneous			5,507			
Interest on Investments & Deposits	4,500	4,500	1,231	4,500	4,500	1,120
Total Nonoperating Revenues	4,500	4,500	6,738	4,500	4,500	1,120
Total Revenues	1,694,500	1,694,500	2,111,377	1,673,500	1,673,500	1,798,494
Expenses:						
Administration:						
Salaries & Wages:						
Authority Members	13,500	13,500	8,605	13,500	13,500	8,605
Secretary/Treasurer	42,000	42,000	38,325	42,000	42,000	37,872
Assistant Secretary	30,000	30,000	28,240	30,000	30,000	27,905
Total Salaries & Wages	85,500	85,500	75,170	85,500	85,500	74,382
Employee Benefits:						
Public Employees Retirement System	20,000	20,000	4,279	20,000	20,000	3,398
Social Security	6,500	6,500	5,886	6,500	6,500	5,690
Unemployment Compensation Insurance	1,000	1,000	496	1,000	1,000	518
Workers' Compensation Insurance	1,500	1,500	712	1,500	1,500	882
Total Employee Benefits	29,000	29,000	11,373	29,000	29,000	10,488
Other Expenses:						
Legal Services & Costs	38,000	38,000	37,798	36,000	36,000	31,545
Auditing Fees	20,000	20,000	21,600	20,000	20,000	17,060
Contracted Services	47,000	47,000	26,700	45,000	45,000	44,634
Computer Services	12,000	12,000	8,919	12,000	12,000	8,828
Office Expenses	10,000	10,000	6,419	10,000	10,000	6,535
Miscellaneous Expenses	10,000	10,000	8,404	10,000	10,000	9,628
Administrative Fees	8,000	8,000	6,330	5,000	5,000	4,830
Travel, Conference & Training	5,000	5,000	60	5,000	5,000	393
Small Office Equipment	5,000	5,000		5,000	5,000	
Rent Expense	21,000	21,000	21,000	17,100	17,100	18,600
Other Insurance Premiums	34,000	34,000	17,072	34,000	34,000	25,774
Total Other Expenses	210,000	210,000	154,302	199,100	199,100	167,827
Total Administration	324,500	324,500	240,845	313,600	313,600	252,697

EDGEWATER PARK SEWERAGE AUTHORITY
SCHEDULE OF ANTICIPATED REVENUES, OPERATING APPROPRIATIONS, PRINCIPAL
PAYMENTS AND NONOPERATING APPROPRIATIONS COMPARED TO BUDGET
FOR THE YEARS ENDED NOVEMBER 30, 2022 AND 2021

	2022			2021		
	ORIGINAL BUDGET	BUDGET AFTER TRANSFERS	ACTUAL	ORIGINAL BUDGET	BUDGET AFTER TRANSFERS	ACTUAL
Operating & Maintenance Expenses:						
Contracted Services	22,000	22,000	22,645	20,000	20,000	15,356
Electric Power	25,000	25,000	21,002	25,000	25,000	20,899
Water	4,000	4,000	3,597	4,000	4,000	3,412
Treatment Fees	972,351	972,351	998,886	960,000	960,000	934,296
Repair & Maintenance	270,000	270,000	242,325	270,000	270,000	257,707
Telephone	20,000	20,000	16,352	20,000	20,000	23,039
Engineer Services	55,000	55,000	63,884	55,000	55,000	52,675
Other Expenses	7,000	7,000	5,366	7,000	7,000	4,874
Total Operating & Maintenance Expenses	1,375,351	1,375,351	1,374,057	1,361,000	1,361,000	1,312,258
Total Cost of Providing Service	1,375,351	1,375,351	1,374,057	1,361,000	1,361,000	1,312,258
Debt Service:						
Principal on Loans	163,991	163,991	163,604	163,991	163,991	163,990
Interest on Loans	23,111	23,111	24,760	23,111	23,111	21,527
Total Debt Service	187,102	187,102	188,364	187,102	187,102	185,517
Capital Outlay and Reserves:						
Reserve for Rate Stabilization	50,000	50,000	50,000	50,000	50,000	50,000
Total Capital Outlay and Reserves	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenses	1,936,953	1,936,953	1,853,266	1,911,702	1,911,702	1,800,472
Total Expenses & Other Cost						
Funded by Operating Revenues	(\$242,453)	(242,453)	258,111	(\$238,202)	(238,202)	(1,978)
Adjustments to Reconcile Excess Revenues Over Expenditures to GAAP Basis for Change in Net Position:						
Excess Expenditures Over Revenues			\$258,111			(1,978)
Increased by:						
Loan Principal			163,604			163,990
Reserve for Rate Stabilization			50,000			50,000
Gain on Sale of Asset			15,000			
Subtotal			486,715			212,012
Decreased by:						
Depreciation			168,605			168,735
Cost of Issuance			29,506			
Subtotal			198,111			
Change in Net Position (Exhibit B)			\$288,604			43,277

**EDGEWATER PARK SEWERAGE AUTHORITY
SCHEDULE OF LOANS PAYABLE
FOR THE YEAR ENDED NOVEMBER 30, 2022**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE NOVEMBER 30, 2021	ISSUED	DECREASED	BALANCE NOVEMBER 30, 2022
	DATE	AMOUNT		DATE	AMOUNT				
2004 New Jersey Environmental Infrastructure Trust Loan	10/13/04	155,000	4.250%	8/1/23	9,195	26,597		8,229	18,368
			4.375%	8/1/24	9,173				
					<u>18,368</u>				
2004 New Jersey Environmental Infrastructure Fund Loan	10/13/04	156,957	N/A	2/1/23	278	17,140		7,334	9,806
				8/1/23	6,733				
				2/1/24	141				
				8/1/24	<u>2,654</u>				
					<u>9,806</u>				

**EDGEWATER PARK SEWERAGE AUTHORITY
SCHEDULE OF LOANS PAYABLE
FOR THE YEAR ENDED NOVEMBER 30, 2022**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE NOVEMBER 30, 2021	ISSUED	DECREASED	BALANCE NOVEMBER 30, 2022
	DATE	AMOUNT		DATE	AMOUNT				
2010 New Jersey Environmental Infrastructure Trust Loan	12/2/10	1,455,000	5.000%	8/1/23	73,000	362,000		69,000	293,000
			5.000%	8/1/24	78,000				
			5.000%	8/1/25	82,000				
			5.000%	8/1/26	60,000				
					293,000				
2010 New Jersey Environmental Infrastructure Fund Loan	12/2/10	957,164	N/A	2/1/23	26,347	156,574		79,041	77,533
				8/1/23	51,186				
					77,533				
Total						562,311	-	163,604	398,707

**EDGEWATER PARK SEWERAGE AUTHORITY
SCHEDULE OF BONDS PAYABLE
FOR THE YEAR ENDED NOVEMBER 30, 2022**

PURPOSE	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE			
	DATE	AMOUNT		DATE	AMOUNT	NOVEMBER 30, 2021	NOVEMBER 30, 2022		
Series 2022 Sewer Revenue Bonds	7/7/22	466,000	3.75%	4/15/24	51,000				
			3.75%	4/15/25	50,000				
			3.75%	4/15/26	50,000				
			3.75%	4/15/27	50,000				
			3.75%	4/15/28	50,000				
			3.75%	4/15/29	50,000				
			3.75%	4/15/30	55,000				
			3.75%	4/15/31	55,000				
			3.75%	4/15/32	55,000				
					<u>466,000</u>				
				-	466,000	-	466,000		
Total						-	466,000	-	466,000

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REQUIRED SUPPLEMENTARY INFORMATION – PART III

SCHEDULE 3

**EDGEWATER PARK SEWERAGE AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - PERS ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability (Asset)	0.00089%	0.00065%	0.00089%	0.00040%	0.00032%	0.00022%	0.00021%	0.00043%	0.00002%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$106,881	\$106,881	\$161,901	\$172,354	\$157,653	\$128,952	\$97,470	\$167,472	\$9,487
Authority's covered employee payroll	\$64,704	\$70,065	\$68,689	\$66,367	\$56,962	\$50,320	\$48,003	\$52,481	\$39,067
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

SCHEDULE 4

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PERS
SCHEDULE OF CONTRIBUTIONS ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$10,566	\$9,955	\$8,740	\$8,707	\$6,274	\$3,868	\$3,733	\$7,374	\$374
Contributions in relation to the Actuarially Determined Contributions	10,566	9,955	8,740	8,707	6,274	3,868	3,733	7,374	374
Covered-Employee Payroll	\$64,704	\$70,065	\$60,980	\$59,054	\$56,962	\$50,320	\$48,003	\$52,481	\$39,067
Contributions as a Percentage of Covered - Employee Payroll	16.330%	14.208%	14.333%	14.744%	11.014%	7.687%	7.777%	14.051%	0.957%

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EDGEWATER PARK SEWERAGE AUTHORITY

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
NOVEMBER 30, 2022**

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions – None.

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EDGEWATER PARK SEWERAGE AUTHORITY

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED NOVEMBER 30, 2022**



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

To the Chairwoman and Members of the
Edgewater Park Sewerage Authority
Edgewater Park, New Jersey 08010

I have audited the financial accounts and transactions of the Edgewater Park Sewerage Authority in the County of Burlington for the year ended November 30, 2022. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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

The minutes indicate that bids were requested by public advertising for the following:

Sanitary Sewer Root Treatment and Point Repair

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any instances where individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Service Revenue

It appears from an examination of the billing records that service revenue was collected in accordance with the Authority's policy.

Collection of Interest on Delinquent Service Fees

Sewer usage is billed in four cycles on a quarterly basis, with one cycle billed monthly. Bills not paid within four weeks of the billing date are considered delinquent. Delinquent accounts are charged interest of eighteen percent (18%) per annum on the total amount due.

It appears from the examination of the billing records that interest was collected in accordance with the Authority's policy.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Property, Plant and Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Follow-up on Prior Years' Findings

In accordance with government auditing standards, my procedures included a review of all prior year findings. There were no previous year audit findings.

Acknowledgment

I received the complete cooperation of all officials and employees of the Authority and I greatly appreciate the courtesies extended to the members of the audit team.

A handwritten signature in black ink, appearing to read "Brent W. Lee".

Brent W. Lee
Certified Public Accountant

June 23, 2023

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