

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY

AUDIT REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021



*Borough of Buena
Municipal Utilities Authority*



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TABLE OF CONTENTS

		PAGE
	Independent Auditors' Report on Financial Statements and Supplementary Information	1
	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
	Required Supplementary Information Part I: Management's Discussion and Analysis	7
 <u>EXHIBIT</u>		
	BASIC FINANCIAL STATEMENTS:	
A	Comparative Statements of Net Position	17
B	Comparative Statements of Revenues, Expenses and Changes in Net Position	19
C	Comparative Statements of Cash Flows	20
	Notes to Financial Statements	22
	Required Supplementary Information Part II: Schedules Related to Accounting and Reporting for Pensions (GASB 68)	61
	Required Supplementary Information Part III: Schedules Related to Accounting and Reporting for OPEB (GASB 75)	62
 <u>SCHEDULE</u>		
	SUPPLEMENTARY INFORMATION:	
1	Schedule of Revenues, Expenses and Changes in Net Position – Net Investment in Capital Assets, Restricted and Unrestricted	63
2	Comparative Schedules of Net Position	64
3	Comparative Schedules of Revenues, Expenses and Changes in Net Position	65
4	Schedule of Revenues and Costs Funded by Revenues Compared to Budget – Budgetary Basis	67
5	Schedule of Revenue Bonds Payable – Series 2013	70
	Roster of Officials	73
	Findings and Recommendations	74
	Status of Prior-Year Findings Recommendations	75

INDEPENDENT AUDITORS' REPORT

Chairman and Members of the
Borough of Buena Municipal Utilities Authority
Minotola, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Borough of Buena Municipal Utilities Authority, a component unit of the Borough of Buena, as of and for the years ended December 31, 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Borough of Buena Municipal Utilities Authority as of December 31, 2022 and 2021, and the respective changes in financial position and 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 audit requirements as prescribed by the 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 Borough of Buena Municipal Utilities 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2022, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87 - *Leases*. The related disclosures for the implementation of this new accounting pronouncement are included in Note 3. Our opinion is not modified with respect to this matter.

Emphasis of Matter (Continued)

Prior Period Restatement

As a result of the implementation of GASB Statement No. 87, the financial statements as of and for the year ended December 31, 2021 have been restated. Our opinion is not modified with respect to this matter.

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; 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Buena 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 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, *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Borough of Buena 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Buena 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 changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents 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

Supplementary Information (Continued)

auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024 on our consideration of the Borough of Buena 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 the effectiveness of the Borough of Buena Municipal Utilities Authority's 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 Borough of Buena Municipal Utilities Authority's internal control over financial reporting and compliance.

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

November 15, 2024

**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**

Chairman and Members of the
Borough of Buena Municipal Utilities Authority
Minotola, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Buena Municipal Utilities Authority, a component unit of the Borough of Buena, New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough of Buena Municipal Utilities Authority's basic financial statements, and have issued our report thereon dated November 15, 2024. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of new accounting principles and the restatement of the prior period financial statements.

Report on Internal Control Over Financial Reporting

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

Report on Internal Control Over Financial Reporting (Continued)

not identify any deficiencies in internal control that we 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 Borough of Buena Municipal Utilities Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and 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 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 *Governmental Auditing Standards*, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Borough of Buena Municipal Utilities Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

November 15, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Borough of Buena Municipal Utilities Authority's (the Authority) annual financial report presents the analysis of the Authority's overall financial position and results of operation for the year that ended on December 31, 2022. Please read it in conjunction with the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's Audit Report includes the required Basic Financial Statements, as described below, the Notes to Financial Statements, required supplementary information, which consists of this Management Discussion and Analysis, required pension and other post-employment benefits (OPEB) schedules, and finally, supplementary information.

REQUIRED FINANCIAL STATEMENTS

The Authority is a single enterprise fund, which includes the Sewer Operation and the Water Operation. Enterprise funds are used to account for the operations that are financed and operated in a manner similar to those used by private business enterprises – where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The **Statement of Net Position** includes all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses and Changes in Net Position**. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its wastewater treatment user fees, water user fees and other charges. This statement also measures the Authority's profitability and credit worthiness. The other required financial statement is the **Statement of Cash Flows**. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question.

These two statements report the net position of the Authority, and changes in them. You can think of the Authority's net position – the sum of assets and deferred outflows, less liabilities and deferred inflows – 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.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

However, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

SEWER OPERATION

FINANCIAL HIGHLIGHTS – SEWER OPERATIONS

- The Total Assets of the Authority's Sewer Operation increased \$.57 million to \$12.3 million in 2021. The increase was mainly attributable to the increase in Current Assets-Unrestricted.
- During the year, the operating revenues of the Authority's Sewer Operation were \$2.12 million which is a \$44 thousand or .20% decrease from 2021, which is mainly attributable to an decrease in user charges and fees as well as a decrease in interest.
- The Authority's Sewer operating expenses decreased by \$89 thousand to \$1.36 million compared to 2021, a decrease of 5.30%. The most notable decrease is attributable to the pension and other post employment benefits categories.
- The Sewer Operation had a positive change in Net Position of \$727 thousand to \$5.59 million.

The two analyses on the following pages focus on the Sewer Operation's Net Position (Table 1A) and changes in Net Position (Table 2A) during the year.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL HIGHLIGHTS – SEWER OPERATIONS (CONTINUED)

**Table 1A
Net Position
Sewer Operations
(Dollars in Thousands)**

	<u>2022</u>	<u>Restated 2021</u>	<u>2022-2021 Increase(Decrease)</u>	
			<u>\$</u>	<u>%</u>
Current Assets-Unrestricted	\$ 2,963	\$ 1,983	\$ 980	49.42%
Current Assets-Restricted	1,341	1,985	(644)	(32.44%)
Noncurrent Assets	7,948	8,227	(279)	(3.39%)
Total Assets	<u>12,252</u>	<u>12,195</u>	<u>57</u>	<u>0.47%</u>
Deferred Outflows Of Resources	<u>275</u>	<u>448</u>	<u>(173)</u>	<u>(38.62%)</u>
Current Liabilities	109	113	(4)	(3.54%)
Current Liabilities Payable				
From Restricted Assets	132	1,575	(1,443)	(91.62%)
Long-Term Liabilities	5,174	4,895	279	5.70%
Total Liabilities	<u>5,415</u>	<u>6,583</u>	<u>(1,168)</u>	<u>(17.74%)</u>
Deferred Inflows Of Resources	<u>1,526</u>	<u>1,136</u>	<u>390</u>	<u>34.33%</u>
Net Investment in Capital Assets	3,684	3,700	(16)	(0.43%)
Unrestricted Net Position	<u>1,902</u>	<u>1,224</u>	<u>678</u>	<u>55.39%</u>
Total Net Position	<u>\$ 5,586</u>	<u>\$ 4,924</u>	<u>\$ 662</u>	<u>13.44%</u>

The increase in total current assets is primarily a result of the increase in cash and accounts receivable as a result of the change in net position.

The decrease in noncurrent assets is due to the decrease in net capital assets which is the net result of less depreciation.

The decrease in deferred outflows of resources is due to the decrease in deferred amount relating to pensions and OPEB.

The decrease in current liabilities is primarily the result of the decrease in NJIB short-term loan payable.

The increase in long-term liabilities is the result of the issuance of net debt.

The increase in deferred inflows of resources is primarily due to the increase in deferred amount relating to OPEB.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL HIGHLIGHTS – SEWER OPERATIONS (CONTINUED)

Changes in the net position of the Authority's Sewer Operation can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Position.

**Table 2A
Statement of Revenues, Expenses and Changes in Net Position
Sewer Operations
(Dollars in Thousands)**

	<u>2022</u>	<u>Restated 2021</u>	2022-2021	
			<u>Increase(Decrease)</u>	<u>Increase(Decrease)</u>
			<u>\$</u>	<u>%</u>
Operating Revenue				
User Charges & Fees	\$ 1,282	\$ 1,318	\$ (36)	(2.73%)
Septage Fees	816	799	17	2.13%
Other Operating	53	78	(25)	(32.05%)
Nonoperating Revenue	19	19	19	
Total Revenue	<u>2,170</u>	<u>2,195</u>	<u>(25)</u>	<u>(1.14%)</u>
Operating Expenses				
Cost of Providing Services	836	1,070	(234)	(21.87%)
Administrative and General	192	235	(43)	(18.30%)
Depreciation	334	314	20	6.37%
Non Operating Expenses				
Interest & Amortization	81	65	16	24.62%
Debt Issue Costs Incurred				
Expense	65	65	65	
Total Expenses	<u>1,508</u>	<u>1,684</u>	<u>(176)</u>	<u>(10.45%)</u>
Change in Net Position	662	696	(34)	(4.89%)
Beginning Net Position	<u>4,924</u>	<u>4,228</u>	<u>696</u>	16.46%
Ending Net Position	<u>\$ 5,586</u>	<u>\$ 4,924</u>	<u>\$ 662</u>	13.44%

REVENUES AND EXPENSES – SEWER OPERATIONS

The total revenues of the Authority's Sewer Operation are approximately \$2.19 million for the year ended December 31, 2022. User Charges and Fees were \$1.28 million, accounting for 60.00% of total revenue. Septage Fees were \$816 thousand, accounting for 37.93% of total revenue. Of the Operating Expenses, the cost of providing services, which totaled \$836 thousand, decreased \$89 thousand from the prior year, and the administrative and general expenses, which totaled \$192 thousand, decreased \$7 thousand from the prior year.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION – SEWER OPERATIONS

Capital Assets

At the end of December 2022, the Authority's Sewer Operation had \$7.95 million invested in a broad range of capital assets. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$334 thousand.

The following tables summarize the capital assets of the Authority's Sewer Operation, net of accumulated depreciation, and changes therein, for the year ended December 31, 2022.

**Table 3A
Capital Assets, Net of Accumulated Depreciation
Sewer Operations
(Dollars in Thousands)**

	2022	2021	2022-2021 Increase(Decrease)	
			\$	%
Land	\$ 517	\$ 517	\$ -	0.00%
Treatment Plant and Facilities	4,773	4,968	(195)	(3.93%)
Pumping Stations, Interceptors and Improvements	2,341	1,049	1,292	123.16%
Machinery and Equipment	317	347	(30)	(8.65%)
Construction in Progress		1,346	(1,346)	(100.00%)
Total	\$ 7,948	\$ 8,227	\$ (279)	(3.39%)

Not including depreciation, this year's additions/reductions to capital assets (in thousands) include:

Machinery and Equipment	\$ 36
Pumping Stations, Interceptors and Improvements	<u>1,365</u>
	<u>\$ 1,401</u>

The Authority plans on investing \$ 1.15 million in capital assets over the next 6 years. The Authority's FY 2023 capital budget plans for investing another \$900 thousand in the following capital projects (in thousands):

Plant Operating/Office Equipment	\$ 101
Lines and Laterals	25
Machinery and Equipment	535
Septage Receiving Station	<u>239</u>
Total	<u>\$ 900</u>

The Authority plans on funding those capital projects using a combination of existing cash, including reserves, 2023 revenues, and the issuance of up to \$1.50 million in long-term debt.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION – SEWER OPERATIONS (CONTINUED)

Debt Administration

At December 31, 2022, the Authority's Sewer Operation had outstanding bonds payable in the amount of \$4,222,262 that mature in various amounts through the year 2053. More detailed information about long-term liabilities can be found in Note 4 to the financial statements.

NEXT YEAR'S BUDGETS AND RATES – SEWER OPERATIONS

The budget for the year 2023 maintains the same rates for residential user charges and fees setting the rate at \$545 per unit per year. In addition, commercial sewer users are billed based on flow. Budgeted connection fees for new customers remain the same at \$3,500/unit.

WATER OPERATION

FINANCIAL HIGHLIGHTS – WATER OPERATIONS

- The Net Capital Assets of the Authority's Water Operation total \$2.18 million, which is an decrease of \$127 thousand or 5.49% from 2021. This decrease is mainly attributable to the current year depreciation of \$135 thousand.
- The increase in total current assets is primarily a result of the increases of cash and accounts receivable as a result of net income.
- During the year, the operating revenues of the Authority's Water Operation were \$770 thousand which is a increase of \$5 thousand from 2021, which is the net effect of a decrease in user charges and fees and an increases in connection fees and miscellaneous income.
- The Authority's operating expenses were \$649 thousand, which is an 1.00% decrease from 2022.
- The total Net Position of the Authority's Water Operation increased from last year by \$147 thousand.
- As a result of the implementation of GASB Statement No. 87, the financial statements as of and for the year ended December 31, 2021 have been restated. Our opinion is not modified with respect to this matter.

The analysis on the following pages focuses on the Water Operation's net position (Table 1B) and changes in net position (Table 2B) during the year.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL HIGHLIGHTS – WATER OPERATIONS (CONTINUED)

**Table 1B
Water Operations
Net Position
(Dollars in Thousands)**

	2022	Restated 2021	2022-2021 Increase(Decrease)	
			\$	%
Current Assets-Unrestricted	\$ 826	\$ 779	\$ 47	6.03%
Current Assets-Restricted	530	441	89	20.18%
Noncurrent Assets	2,721	2,872	(151)	(5.26%)
Total Assets	<u>4,077</u>	<u>4,092</u>	<u>(15)</u>	<u>(0.37%)</u>
Deferred Outflows of Resources	<u>227</u>	<u>301</u>	<u>(74)</u>	<u>(24.58%)</u>
Current Liabilities	80	76	4	5.26%
Current Liabilities Payable From Restricted Assets	3	3	-	0.00%
Long-Term Liabilities	<u>1,236</u>	<u>1,627</u>	<u>(391)</u>	<u>(24.03%)</u>
Total Liabilities	<u>1,319</u>	<u>1,706</u>	<u>(387)</u>	<u>(22.68%)</u>
Deferred Inflows of Resources	<u>1,699</u>	<u>1,548</u>	<u>151</u>	<u>9.75%</u>
Net Investment in Capital Assets	2,183	2,309	(126)	(5.46%)
Unrestricted Net Position (Deficit)	<u>(897)</u>	<u>(1,170)</u>	<u>273</u>	<u>(23.33%)</u>
Total Net Position	<u>\$ 1,286</u>	<u>\$ 1,139</u>	<u>\$ 147</u>	<u>12.91%</u>

The increase in total current assets is primarily a result of the increases of cash and accounts receivable as a result of the change in net position.

The decrease in noncurrent assets is due to the decrease in net capital assets which is the net result of depreciation outweighing acquisitions.

The decrease in deferred outflows of resources is primarily due to the decrease in deferred amount relating to OPEB.

The increase in current liabilities is primarily the result of the increase in accounts payable.

The decrease in long-term liabilities is primarily the result of a decrease in the net pension liability and a decrease in the net OPEB liability.

The increase in deferred inflows of resources is primarily due to the increase in deferred amount relating to OPEB.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL HIGHLIGHTS – WATER OPERATIONS (CONTINUED)

Changes in the net position of the Authority's Water Operation can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Position.

**Table 2B
Statement of Revenues, Expenses and Changes in Net Position
Water Operations
(Dollars in Thousands)**

	2022	Restated 2021	2022-2021 Increase(Decrease)	
			\$	%
Operating Revenue				
User Charges & Fees	\$ 745	\$ 751	\$ (6)	(0.80%)
Other Operating	25	2	23	1150.00%
Nonoperating Revenue		11	(11)	(100.00%)
Total Revenue	<u>770</u>	<u>764</u>	<u>6</u>	<u>0.79%</u>
Operating Expenses				
Cost of Providing Services	343	342	1	0.29%
Administrative and General	170	176	(6)	(3.41%)
Depreciation	135	137	(2)	(1.46%)
Non Operating Expense				
Interest, Amortization and Debt Issue Costs	(1)	(1)	-	
Lease Income	(24)	(24)		
Total Expenses	<u>623</u>	<u>630</u>	<u>(7)</u>	<u>(1.11%)</u>
Change in Net Position	147	134	13	9.70%
Beginning Net Position	<u>1,139</u>	<u>1,005</u>	<u>134</u>	<u>13.33%</u>
Ending Net Position	<u>\$ 1,286</u>	<u>\$ 1,139</u>	<u>\$ 147</u>	<u>12.91%</u>

REVENUES AND EXPENSES – WATER OPERATIONS

The total revenues of the Authority's Water Operation are approximately \$770 thousand for the year ended December 31, 2022. User Charges and Fees were \$745 thousand, accounting for 96.78% of total revenue. Of the Operating Expenses, the cost of providing services, which totaled \$343 thousand, increased \$1 thousand from the prior year, and the administrative and general expenses, which totaled \$171 thousand, decreased \$5 thousand from the prior year.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION – WATER OPERATIONS

Capital Assets

At the end of December 2022, the Authority's Water Operation had \$2.18 million invested in a broad range of capital assets. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$135 thousand.

The following tables summarize the capital assets of the Authority's Water Operation, net of accumulated depreciation, and changes therein, for the year ended December 31, 2022.

**Table 3B
Capital Assets, Net of Accumulated Depreciation
Water Operations
(Dollars in Thousands)**

			2022-2021	
			Increase(Decrease)	
	2022	2021	\$	%
Land	\$ 35	\$ 35	\$ -	-
Water Distribution System	1,986	2,099	(113)	(5.38%)
Machinery and Equipment	162	175	(13)	(7.43%)
Total	<u>\$2,183</u>	<u>\$2,309</u>	<u>\$ (126)</u>	(5.46%)

Not including depreciation, this year's additions/reductions to capital assets (in thousands) include:

Machinery and Equipment	\$ <u>8</u>
Total	\$ <u>8</u>

The Authority plans on investing \$2.35 million in capital assets over the next 6 years. The Authority's FY 2023 capital budget plans for investing another \$391 thousand in capital projects, including the following (in thousands):

Plant Operating/Office Equipment/Well Rehabs	\$ 316
Water Lines and Distribution	<u>75</u>
Total	\$ <u>391</u>

The Authority plans on funding those capital projects using existing cash reserves and 2023 revenue.

Debt Administration

At December 31, 2022, the Authority's Water Operation had no outstanding bond issues payable. More detailed information about long-term liabilities can be found in Note 4 to the financial statements.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

NEXT YEAR'S BUDGETS AND RATES – WATER OPERATIONS

The budget for the year 2023 maintains the same rates for user charges and fees and connection fees for new customers.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's Secretary/Treasurer at the Borough of Buena Municipal Utilities Authority, PO Box 696, Minotola, NJ, 08341.

BASIC FINANCIAL STATEMENTS

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>(Restated) 2021</u>
ASSETS		
CURRENT ASSETS - UNRESTRICTED:		
Cash	\$ 3,066,794	\$ 2,163,787
Accounts Receivable, Net of Allowance for Doubtful Accounts	623,736	503,088
Inventory	64,558	61,015
Other Receivables	10,035	10,035
Lease Receivables - Current	<u>24,403</u>	<u>24,403</u>
Total Current Assets - Unrestricted	<u>3,789,526</u>	<u>2,762,328</u>
CURRENT ASSETS - RESTRICTED:		
Other:		
Cash	1,871,093	1,682,697
Due from NJIB		<u>742,592</u>
Total Current Assets - Restricted	<u>1,871,093</u>	<u>2,425,289</u>
NONCURRENT ASSETS:		
Lease Receivables - Noncurrent	538,470	562,873
Capital Assets, Net of Accumulated Depreciation	<u>10,130,818</u>	<u>10,536,318</u>
Total Noncurrent Assets	<u>10,669,288</u>	<u>11,099,191</u>
TOTAL ASSETS	<u>16,329,907</u>	<u>16,286,808</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Amount Relating to OPEB	333,365	590,673
Deferred Amount Relating to Pensions	<u>169,134</u>	<u>159,177</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>502,499</u>	<u>749,850</u>

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

(Continued)

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>(Restated) 2021</u>
LIABILITIES		
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts Payable - Operations	\$ 72,588	\$ 60,742
Accrued Liabilities	116,990	128,129
	<hr/>	<hr/>
Total Current Liabilities Payable From Unrestricted Assets	189,578	188,871
	<hr/>	<hr/>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Contracts Payable		249,316
Retainages Payable	16,579	16,579
Revenue Bonds Payable - Current Portion	101,399	68,280
NJIB Short-Term Loan		1,237,624
Accrued Interest Payable - Bonds and Notes	11,544	714
Developer Escrow Liability	5,658	5,387
	<hr/>	<hr/>
Total Current Liabilities Payable From Restricted Assets	135,180	1,577,900
	<hr/>	<hr/>
LONG-TERM LIABILITIES:		
Accrued Liability Pension - Non-Current Portion	50,820	51,824
Revenue Bonds Payable - Non-Current Portion	4,146,383	2,955,084
Accrued Compensated Absences	84,803	79,482
Net OPEB Liability	911,969	2,387,491
Net Pension Liability	1,216,359	1,048,458
	<hr/>	<hr/>
Total Long-Term Liabilities	6,410,334	6,522,339
	<hr/>	<hr/>
TOTAL LIABILITIES	6,735,092	8,289,110
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue	111,509	114,614
Deferred Amount Relating to OPEB	2,160,312	1,212,782
Deferred Amount Relating to Pensions	313,533	665,087
Deferred Connection Fees	76,420	103,944
Deferred Amount Relating to Leases	562,873	587,276
	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	3,224,647	2,683,703
	<hr/>	<hr/>
NET POSITION:		
Net Investment in Capital Assets	5,866,458	6,009,435
Unrestricted	1,006,209	54,410
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 6,872,667	\$ 6,063,845
	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>(Restated)</u> <u>2021</u>
OPERATING REVENUE:		
User Charges and Fees	\$ 2,026,938	\$ 2,065,430
Interest on Delinquent Accounts	28,627	61,134
Septage Fees	815,948	798,781
Connection Fees	28,280	22,512
Miscellaneous Income	20,866	11,020
Total Operating Revenue	<u>2,920,659</u>	<u>2,958,877</u>
OPERATING EXPENSES:		
Cost of Providing Services	1,179,195	1,267,189
Administrative and General	362,340	374,373
Depreciation	468,866	451,431
Total Operating Expenses	<u>2,010,401</u>	<u>2,092,993</u>
OPERATING INCOME	<u>910,258</u>	<u>865,884</u>
NON-OPERATING REVENUE (EXPENSES):		
Interest Income	19,020	775
Miscellaneous Income		4,086
Lease Income	24,403	24,403
Interest Income on Leases	989	989
Debt Issue Costs Incurred	(64,517)	
Interest Expense	(81,331)	(65,298)
Total Non-Operating Revenue (Expenses)	<u>(101,436)</u>	<u>(35,045)</u>
CHANGE IN NET POSITION	808,822	830,839
NET POSITION - JANUARY 1,	<u>6,063,845</u>	<u>5,233,006</u>
NET POSITION- DECEMBER 31,	<u>\$ 6,872,667</u>	<u>\$ 6,063,845</u>

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

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	2,747,760	\$ 2,826,017
Cash Payments to Suppliers for Goods and Services	(466,310)	(566,563)
Cash Payments for Employee Services	(1,537,767)	(1,359,976)
Other Receipts (Payments)	21,622	21,648
	<u>765,305</u>	<u>921,126</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Other Non-Operating Revenue	25,392	27,362
	<u>25,392</u>	<u>27,362</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(313,008)	(1,152,087)
Bond Premium	29,890	
Proceeds from Issuance of Short-Term Debt	742,592	410,232
Proceeds from Issuance of Bonds	1,277,574	
Debt Issuance Costs	(64,517)	
Principal Paid on Loans	(1,237,624)	
Principal Paid on Bonds and Notes	(82,720)	(66,852)
Interest Paid on Bonds and Notes	(70,501)	(65,314)
	<u>281,686</u>	<u>(874,021)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received on Investments	19,020	775
	<u>19,020</u>	<u>775</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,091,403	75,242
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>3,846,484</u>	<u>3,771,242</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31,	<u>\$ 4,937,887</u>	<u>\$ 3,846,484</u>
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION		
Unrestricted	\$ 3,066,794	\$ 2,163,787
Other Restricted	1,871,093	1,682,697
	<u>\$ 4,937,887</u>	<u>\$ 3,846,484</u>

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

(Continued)

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 910,258	\$ 868,000
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	468,866	451,431
Increase (Decrease) in Cash Resulting From Changes in:		
Accounts Receivable	(120,648)	(90,632)
Inventory	(3,543)	1,394
Other Receivables	-	4,232
Accounts Payable	11,846	(24,626)
Accrued Liabilities	(11,139)	13,288
Accrued Compensated Absences	5,321	(12,491)
Developer Escrow Liability	271	1,233
Accrued Liabilities Related to OPEB	(1,475,522)	(23,816)
Accrued Liabilities Related to Pensions	166,897	(358,596)
Deferred Outflows Related to OPEB	257,308	56,515
Deferred Outflows Related to Pensions	(9,957)	98,704
Deferred Inflows Related to OPEB	947,530	(96,765)
Deferred Inflows Related to Pensions	(351,554)	55,951
Deferred Connection Fees	(27,524)	(14,000)
Deferred User Charges	(3,105)	(8,696)
Total Adjustments	<u>(144,953)</u>	<u>53,126</u>
Net Cash Provided by Operating Activities	<u>\$ 765,305</u>	<u>\$ 921,126</u>

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

NOTES TO THE FINANCIAL STATEMENTS

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Buena Municipal Utilities Authority was created as a political subdivision of the State of New Jersey by ordinance of the Borough of Buena dated December 23, 1963 pursuant to N.J.S.A. 40:14B-6.

The Authority was created to install, construct, finance and maintain the operations of a water supply system and sewerage system in the Borough of Buena.

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

Financial Reporting Entity

The Authority is a component unit of the Borough of Buena as it meets the financial accountability criteria for component units set forth in Governmental Accounting Standards Board (“GASB”) Statement No. 14 *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34 and No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The financial statements of the Borough of Buena are not presented in accordance with generally accepted accounting principles (GAAP) and do not present the financial statements of its component units in accordance with those GASB Statements. The Authority’s financial statements would be either blended or discretely presented with those of the Borough if the Borough reported using generally accepted accounting principles (GAAP) applicable to governmental entities. The Authority does not have any component units for which it is financially accountable.

Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) 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 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 the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are user charges and fees for sewerage treatment and water supply, septage fees and connection fees. The Authority also recognizes interest on delinquent customer accounts and certain types of miscellaneous income as operating revenue. Operating expenses include cost of providing services, administrative and general expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to end of the current fiscal year, and adopted no later than the beginning of the Authority's fiscal year. The budget is adopted on the accrual basis of accounting with provision for cash payments for bond principal. Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

Cash, Cash Equivalents and Investments

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. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan. The governing body of the Authority has adopted a cash management plan ("the plan") and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17.9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued)

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value of at least five percent (5%) 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.

The cash management plan adopted by the Borough of Buena Municipal Utilities Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

Accounts Receivable

The Authority has provided for doubtful accounts by the allowance method. The allowance for doubtful accounts is based upon management's estimate of potentially uncollectible accounts.

Inventory

Inventory consists principally of parts and supplies used in the treatment process and is stated at cost determined on a first-in, first-out basis.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the year end.

Lease Receivable

Lease receivables recorded on the statements of net position represents a contract that conveys control of the right to use the Authority's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term.

Capital Assets

Capital assets, which consist of property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are defined by the Authority as assets with an individual cost of \$3,000 or more and an estimated useful life in excess of one year.

Construction in progress is stated at cost. Construction costs are charged to construction in progress until such time as the facility is put into operation.

Plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Water distribution system	50 years
Treatment plant and facilities	20, 40 years
Mains, interceptors and improvements	50 years
Machinery and equipment	5 - 15 years
Office furniture and equipment	5 - 10 years
Vehicles	5 - 15 years

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred Outflows and Deferred Inflows of Resources

The Statements of Net Position report 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 reports the following as deferred outflows of resources:

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

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources (Continued)

The Authority reports the following as deferred inflows of resources:

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

Leases – The net present value of lease payments expected to be received during the lease term are reported as deferred inflows of resources at the commencement of the lease term.

Connection fees – Funds received from customers for the right to connect to the water and/or sewer system prior to providing the physical connections are recorded as deferred inflows.

Deferred Revenues – Customers are billed in advance for the minimum portion of their quarterly water service fee. Funds that are received for the subsequent year’s minimum water charges are recorded as deferred revenue.

Pensions

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 Public Employees' Retirement System (“PERS”) and additions to/deductions from PERS’s fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Postemployment Benefits Other than Pensions (OPEB)

The Authority participates in a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. For purposes of recognizing and measuring OPEB liabilities, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Health Benefits Program and additions to/deductions from State Health Benefits Program’s fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis –for State and Local Governments*, the Authority has classified its net position into three components. These classifications are defined as follows:

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted - Net position is 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.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets". This component includes net position that may be designated for specific purposes by the Board.

Income Taxes

The Authority is exempt from income taxes pursuant to Internal Revenue Code Section 115.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

Grants

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenue. Grants externally restricted for non-operating purposes are recorded as capital contributions.

Allocation of Common Costs

Certain costs not specifically identifiable to either the sewer or water operation that benefit both operations, including salaries, wages and benefits and other administrative costs are allocated between the sewer and water operations based on management's estimates.

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements

The Authority implemented GASB Statement No. 87, *Leases* (GASB 87). Issued in June 2017, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources 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 Statement, 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of this Statement resulted in the Authority restating the financial statements as of and for the year ended December 31, 2021 as described in Note 8 to the financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 15, 2020 but was postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements (Continued)

- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of Statement 92 related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments became effective upon issuance and had no had no impact on the Authority's financial statements. However, the remaining requirements of this Statement were originally scheduled to be effective for reporting periods beginning after June 15, 2020 but was postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The adoption of this Statement had no material impact on the Authority's financial statements.

Recent Accounting Pronouncements Not Yet Effective

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objectives of this Statement are to address implementation issues related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended. GASB 53 requires any government entity must eliminate hedge accounting when it renegotiates or changes critical terms of a hedge agreement, such as no longer relying on the London Interbank Offered Rate (LIBOR) when it ceases to exist in its current form at the end of 2021. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 31, 2021 but was postponed one year by GASB 95 as a result of the COVID-19 pandemic. The Authority has no derivative instruments as they are prohibited by the State of New Jersey statutory requirements. As a result, management does not expect any impact of the adoption of this Statement on the Authority's financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objectives of this Statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistence 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 requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges for futures 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 immediately. The requirements related to leases, PPP's and SBITAs will become effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the fiscal years beginning after June 15, 2023. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting changes and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirement of the Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Subsequent Events

Management has evaluated subsequent events through November 15, 2024, the date the financial statements were available for issue.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following restricted accounts were established by the Authority pursuant to the Loan Agreement for the Series 2014 Revenue Bonds, dated October 31, 2014 between the Authority and Capital Bank of New Jersey (subsequently OceanFirst Bank). On December 1, 2019, the Series 2014 Revenue Bonds Loan Agreement terminated when the Authority made the final payment on the Series 2014 Revenue Bonds. While there are no longer any legal requirements to maintain the accounts below, as of December 31, 2022 and 2021, the Authority is utilizing the following accounts:

Bond Reserve Fund - established pursuant to the Loan Agreement dated October 31, 2014 between the Authority and Capital Bank of New Jersey.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Debt Service Account - is restricted for the payment of principal and interest on the Authority's outstanding debt.

Renewal and Replacement - account restricted for equipment renewal or replacement.

Escrow Account - consisting of funds collected from developers for costs to be incurred by the Authority on their behalf.

NOTE 3 DETAIL NOTES - ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2022 and 2021, the carrying amount of the Authority's time and demand deposits were \$3,678,946 and \$2,606,226, respectively, and the bank balance of the Authority's time and demand deposits were \$3,689,857 and \$2,617,351, respectively.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority's public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2022, \$250,000 of the Authority's bank balance of \$3,689,857 was insured and \$3,439,857 was covered under GUDPA as described above. As of December 31, 2021, \$250,000 of the Authority's bank balance of \$2,617,351 was insured and \$2,367,351 was covered under GUDPA as described above.

At December 31, 2022 and 2021, the Authority had \$1,258,941 and \$1,240,258, respectively, invested in the New Jersey Cash Management Fund ("the Fund") which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Customer Accounts Receivable:		
Sewer	\$ 375,874	\$ 307,395
Water	251,372	201,738
Septage Hauler Receivables	<u>144,052</u>	<u>111,355</u>
	771,298	620,488
Less: Allowance for Doubtful Accounts	<u>(147,562)</u>	<u>(117,400)</u>
Accounts Receivable, Net of Allowance for Doubtful Accounts	<u>\$ 623,736</u>	<u>\$ 503,088</u>

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES

The Authority leases space on its water tower to a cell phone carrier for use as its cell tower. The lease terms are as follows:

Lessee	Number of Leases	Lease Term
Commercial Cell Phone Carrier	1	Lease is for 5 years; followed by (2) five-year renewals and (2) six-year renewals

There is no Authority debt related to the leased property, and therefore there are no lease payments that secure the Authority's debt. Deferred Inflows recognized in 2022 and 2021 were \$24,403 and \$24,403 respectively and the Interest portion of Lease payments received in 2022 and 2021 was \$989 and \$989 respectively.

The following is a summary of changes in lease receivables for the years ended December 31, 2022 and 2021.

	Balance Jan. 1, 2022	2022 Leases	2022 Reductions	Balance Dec. 31, 2022	Amounts Due Within One Year
Lease Receivables	\$ 587,276	\$ -	\$ (24,403)	\$ 562,873	\$ 24,403
	(Restated) Balance Jan. 1, 2021	2021 Leases	2021 Reductions	(Restated) Balance Dec. 31, 2021	Amounts Due Within One Year
Lease Receivables	\$ 611,679	\$ -	\$ (24,403)	\$ 587,276	\$ 24,403

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 3 DETAIL NOTES - ASSETS

LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES (CONTINUED)

The annual lease payments to be received by the Authority, including principal and interest, as of December 31, 2022 are as follows:

Year Ending December 31,	Future Lease Payments		
	Principal	Interest	Total
2023	\$ 24,403	\$ 989	\$ 25,392
2024	23,988	972	24,960
2025	21,912	888	22,800
2026	21,912	888	22,800
2027	21,912	888	22,800
2028 - 2032	119,092	4,826	123,918
2033 - 2037	132,568	5,372	137,940
2038 - 2042	143,616	5,819	149,435
2043-2044	53,470	2,166	55,636
Total	<u>\$ 562,873</u>	<u>\$ 22,808</u>	<u>\$ 585,681</u>

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 3 DETAIL NOTES - ASSETS

CAPITAL ASSETS

Capital Asset activity for the year ended December 31, 2022 was as follows:

	Balance Jan. 1, 2022	Additions	Reductions	Balance Dec. 31, 2022
Non-Depreciable Capital Assets:				
Land	\$ 551,752			\$ 551,752
Construction in Progress	1,345,974		1,345,974	-
Total Non-Depreciable Capital Assets	1,897,726	-	1,345,974	551,752
Depreciable Capital Assets:				
Treatment Plant and Facilities	9,903,550			9,903,550
Pumping Stations, Interceptors and Improvements	2,935,814	1,364,603		4,300,417
Machinery and Equipment	3,181,802	44,737		3,226,539
Water Distribution System	5,548,271			5,548,271
Total Depreciable Capital Assets	21,569,437	1,409,340	-	22,978,777
Less: Accumulated Depreciation for:				
Treatment Plant and Facilities	4,934,794	195,712		5,130,506
Pumping Stations, Interceptors and Improvements	1,886,524	73,097		1,959,621
Machinery and Equipment	2,660,166	86,651		2,746,817
Water Distribution System	3,449,361	113,406		3,562,767
Total Accumulated Depreciation	12,930,845	468,866	-	13,399,711
Depreciable Capital Assets, Net	8,638,592	940,474	-	9,579,066
Total Capital Assets, Net	<u>\$ 10,536,318</u>	<u>\$ 940,474</u>	<u>\$ 1,345,974</u>	<u>\$ 10,130,818</u>

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Capital Asset activity for the year ended December 31, 2021 was as follows:

	Balance <u>Jan. 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2021</u>
Non-Depreciable Capital Assets:				
Land	\$ 551,752			\$ 551,752
Construction in Progress	<u>97,743</u>	<u>1,248,231</u>		<u>1,345,974</u>
Total Non-Depreciable Capital Assets	<u>649,495</u>	<u>1,248,231</u>	<u>-</u>	<u>1,897,726</u>
Depreciable Capital Assets:				
Treatment Plant and Facilities	9,903,550			9,903,550
Pumping Stations, Interceptors and Improvements	2,883,314	52,500		2,935,814
Machinery and Equipment	3,082,468	99,334		3,181,802
Water Distribution System	<u>5,548,271</u>			<u>5,548,271</u>
Total Depreciable Capital Assets	<u>21,417,603</u>	<u>151,834</u>	<u>-</u>	<u>21,569,437</u>
Less: Accumulated Depreciation for:				
Treatment Plant and Facilities	4,736,486	198,308		4,934,794
Pumping Stations, Interceptors and Improvements	1,823,943	62,581		1,886,524
Machinery and Equipment	2,583,028	77,138		2,660,166
Water Distribution System	<u>3,335,957</u>	<u>113,404</u>		<u>3,449,361</u>
Total Accumulated Depreciation	<u>12,479,414</u>	<u>451,431</u>	<u>-</u>	<u>12,930,845</u>
Depreciable Capital Assets, Net	<u>8,938,189</u>	<u>(299,597)</u>	<u>-</u>	<u>8,638,592</u>
Total Capital Assets, Net	<u>\$ 9,587,684</u>	<u>\$ 948,634</u>	<u>\$ -</u>	<u>\$ 10,536,318</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was charged to:

	<u>2022</u>	<u>2021</u>
Sewer Operations	\$ 333,820	\$ 314,000
Water Operations	<u>135,046</u>	<u>137,431</u>
	<u>\$ 468,866</u>	<u>\$ 451,431</u>

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 4 DETAIL NOTES – LIABILITIES

LONG-TERM LIABILITIES

Compensated Absences

Current policy allows employees who retire from the Authority via PERS will be reimbursed for fifty percent (50%) of accrued sick leave up to a maximum of \$12,000, calculated at the then current rate. Eligible employees earn 15 sick days per year. The accrued liability for compensated absences at December 31, 2022 and 2021 is estimated at \$84,803 and \$79,482 respectively.

Bonds Payable

In June 2013, the Authority issued Sewer Revenue Bonds (Series 2013) to USDA Rural Development in the principal amount of \$3,549,000. The proceeds were used to finance the construction of wastewater treatment process modifications and equipment to enhance the effluent quality and expand capacity of the wastewater treatment plant. The Authority pays principal and interest on the unpaid principal balance at a rate of 2.125% per annum in equal semi-annual installments of \$66,083. Payments commenced on December 28, 2013 and each June 28 and December 28 thereafter, the final installment is on June 28, 2053. The outstanding balance of the Series 2013 Revenue Bonds at December 31, 2022 and 2021 is \$2,955,084 and \$3,023,364, respectively.

The Authority issued its Series 2022 A-2 Trust and Fund loans through the New Jersey Infrastructure Bank (NJIB) to fund Upgrades to Sanitary Sewer Pumps Stations #1, 2 and 3.

The 2022 Trust Loan was issued in the amount of \$635,000 at interest rates ranging from 3.325% to 5.00% with payments in amounts ranging from \$10,000 to \$35,000 commencing August 1, 2023 through August 1, 2051. The outstanding balance of the 2022 Trust Loan of \$635,000 and \$0 is included in bonds payable as of December 31, 2022 and 2021 respectively.

The Fund Loan was issued in the amount is \$642,574 at zero interest. The principal payments commenced on August 1, 2022 and are in various amounts with the final payment on August 1, 2051. The outstanding loan balance of \$628,134 and \$0 is included in bonds payable as of December 31, 2022 and 2021 respectively.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

The annual debt service requirements to maturity, including principal and interest, for revenue bonds payable as of December 31, 2022 are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 101,399	\$ 325,977	\$ 427,376
2024	102,889	237,737	340,626
2025	104,410	154,516	258,926
2026	110,965	86,811	197,776
2027	112,552	56,274	168,826
2028 - 2032	592,782	256,347	849,129
2033 - 2037	657,872	211,257	869,129
2038 - 2042	727,989	161,140	889,129
2043 - 2047	803,693	104,436	908,129
2048 - 2052	838,947	43,522	882,469
2053	64,720	688	65,408
	<u>\$ 4,218,218</u>	<u>\$ 1,638,705</u>	<u>\$ 5,856,923</u>
Premium on Bonds	<u>29,564</u>		
	<u>\$ 4,247,782</u>		

New Jersey Infrastructure Bank (NJIB) Interim Loan Payable

On December 10, 2019, the Authority closed on a short-term loan from the New Jersey Infrastructure Bank in the amount of \$98,980 which was subsequently increased to \$1,250,000. The maturity date of the loan is the date of the closing for the anticipated permanent financing program of NJIB. The loan proceeds held by NJIB are being used to fund the Upgrades to Sanitary Sewer Pump Stations #1, 2 and 3. As of December 31, 2021, the Authority has expended and drawn down \$1,237,624. As noted above, in 2022, the Authority converted the short-term financing to permanent financing upon completion of the project.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	Balance Dec. 31, 2021	Additions	Reductions	Balance Dec. 31, 2022	Amounts Due Within One Year
Bonds Payable:					
Series 2013 Revenue					
Bonds (USDA)	\$ 3,023,364	\$	\$ 68,280	\$ 2,955,084	\$ 69,739
Series 2022 (IBANK Fund)	-	642,574	14,440	628,134	21,660
Series 2022 (IBANK Trust)	-	664,890	326	664,564	10,000
Total Bonds Payable	3,023,364	1,307,464	83,046	4,247,782	101,399
Other Liabilities:					
Accrued Compensated Absences	79,482	5,321		84,803	
Accrued Liability					
Pension	51,824		1,004	50,820	
Net OPEB Obligation	2,387,491		1,475,522	911,969	
Net Pension Liability	1,048,458	167,901		1,216,359	
Total Other Liabilities	3,567,255	173,222	1,476,526	2,263,951	-
Total Long-Term Liabilities	\$ 6,590,619	\$ 1,480,686	\$ 1,559,572	\$ 6,511,733	\$ 101,399

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

	Balance Dec. 31, 2020	Additions	Reductions	Balance Dec. 31, 2021	Amounts Due Within One Year
Bonds Payable:					
Series 2013 Revenue					
Bonds (USDA)	\$ 3,090,216	\$	\$ 66,852	\$ 3,023,364	\$ 68,280
Total Bonds Payable	3,090,216	-	66,852	3,023,364	68,280
Other Liabilities:					
Accrued Compensated Absences	91,973	6,169	18,660	79,482	
Accrued Liability					
Pension	47,345	4,479		51,824	
Net OPEB Obligation	2,411,307		23,816	2,387,491	
Net Pension Liability	1,411,533		363,075	1,048,458	
Total Other Liabilities	3,962,158	10,648	405,551	3,567,255	-
Total Long-Term Liabilities	\$ 7,052,374	\$ 10,648	\$ 472,403	\$ 6,590,619	\$ 68,280

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS

PENSIONS

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration.

The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by obtained from:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

Plan Descriptions

Defined Contribution Retirement Program (DCRP) – DCRP is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Public Employees' Retirement System – PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS. 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.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

Vesting and Benefit Provisions

Defined Contribution Retirement Program – Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Public Employees' Retirement System – The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

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

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

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

Contributions

Defined Contribution Retirement Program – – The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, if applicable, the Authority would contribute 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. For the years ended December 31, 2022, 2021 and 2020, there were no employees participating in the DCRP.

Public Employees' Retirement System – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, 2021 and 2020, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The additional member contribution rate was fully phased-in on July 1, 2019. The member contribution rate was 7.50% in State fiscal year 2022 and 7.50% in State fiscal year 2021. Employee contributions were \$46,011, \$46,982 and \$48,644 for the years ended December 31, 2022, 2021, and 2020, respectively. The payroll subject to pension for the Authority's employees covered by PERS was \$605,384, \$616,124 and \$648,588 for the years ended December 31, 2022, 2021, and 2020, respectively.

The Authority is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Authority's required annual contributions to the PERS were \$101,640, \$103,648 and \$94,690 for the years ended December 31, 2022, 2021 and 2020, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2022, 2021 and 2020 was 16.79%, 6.82% and 14.60%, respectively.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS

At December 31, 2022 and 2021, the Authority reported a liability of \$1,216,359 and \$1,048,458, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2022 and 2021 were measured as of June 30, 2022 and 2021, respectively. The total pension liability used to calculate the net pension liability on June 30, 2022 and 2021 was determined by an actuarial valuation as of July 1, 2021 and 2020, respectively. The Authority's proportion share of, and change of, the net pension liability is as follows:

<u>Measurement Date</u>	<u>Allocation</u>	<u>Measurement Date</u>	<u>Allocation</u>
June 30, 2022	0.0080599627%	June 30, 2021	0.0088503598%
June 30, 2021	0.0088503598%	June 30, 2020	0.0086557921%
Change	<u><u>-0.0007903971%</u></u>	Change	<u><u>0.0001945677%</u></u>

At December 31, 2022 and 2021, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>June 30, 2022</u>		<u>June 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>
Differences between Expected and Actual Experience	\$ 8,779	\$ 7,742.00	\$ 16,536	\$ 7,506.00
Changes of Assumptions	3,769	182,137	5,460	373,258
Net Difference between Projected and Actual Earnings on Pension Plan Investments	50,344	-	-	276,191
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	55,422	123,652	85,357	8,131
Authority Contributions Subsequent to the Measurement Date	50,820	-	51,824	-
	<u><u>\$ 169,134</u></u>	<u><u>\$ 313,531</u></u>	<u><u>\$ 159,177</u></u>	<u><u>\$ 665,086</u></u>

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
June 30, 2020	-	5.00
June 30, 2021	-	5.00
June 30, 2022	5.00	

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

Deferred outflows of resources related to pensions in the amount of \$50,820 and \$51,824 will be included as a reduction of the net pension liability in the years ending December 31, 2023 and 2022, respectively. This amount is based on an estimated April 1, 2023 and April 1, 2022 contractually required contribution. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the following page:

Year Ending		
<u>Dec 31,</u>		<u>Amortization</u>
2022	\$	(160,398)
2023		(81,718)
2024		(39,852)
2025		86,942
2026		(191)
		<hr/>
	\$	<u>(195,217)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 and 2021 measurement dates were determined by actuarial valuations as of July 1, 2021 and 2020, respectively, which were rolled forward to June 30, 2022 and 2021, respectively.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.75% - 6.55% Based on Years of Service	2.00% - 6.00% Based on Years of Service
Thereafter	2.75% - 6.55% Based on Years of Service	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	Pub-2010
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2014 - June 30, 2018

For the June 30, 2022 and June 30, 2021 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2022 and 2021 are summarized in the table on the following page:

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real</u>
		<u>Rate of Return</u>		<u>Rate of Return</u>
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Market Eq	13.50%	8.38%	13.50%	8.71%
Emerging Market Equities	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real Assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
	<u>100.00%</u>		<u>100.00%</u>	

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 nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these 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 Authority's proportionate share of the net pension liability at June 30, 2022 and 2021, respectively, calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

PENSIONS (CONTINUED)

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

	June 30, 2022		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 1,562,665	\$ 1,216,359	\$ 921,639
	June 30, 2021		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 1,427,787	\$ 1,048,458	\$ 726,543

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided – The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the Plan), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. 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) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage 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

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

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 negotiation's agreement.

Contributions – The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

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 provided 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.

The Authority is billed monthly by the Plan and paid \$45,168, \$39,884 and \$36,184 for the years ended December 31, 2022, 2021 and 2020, respectively. The Plan payments represent 7.46%, 6.47% and 5.58% of the Authority's covered payroll for the years ended December 31, 2022, 2021 and 2020, respectively. Retirees did not contribute to the plan for the fiscal years ended June 30, 2022, 2021 and 2020.

OPEB Liability

At December 31, 2022 and 2021, the Authority's proportionate share of the net OPEB liability was \$911,968 and \$2,387,491, respectively. The net OPEB liability was measured as of June 30, 2022 and June 30, 2021 respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liability (Continued)

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2021 through June 30, 2022. The Authority's proportion share of, and change of, the net OPEB liability was as follows:

June 30, 2022	
<u>Measurement Date</u>	<u>Allocation</u>
June 30, 2022	0.0056470000%
June 30, 2021	0.0132640000%
Change	<u>-0.0076170000%</u>
June 30, 2021	
<u>Measurement Date</u>	<u>Allocation</u>
June 30, 2021	0.0132640000%
June 30, 2020	0.0134360000%
Change	<u>-0.0001720000%</u>

OPEB (Benefit) Expense

At December 31, 2022 and 2021, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 and 2021 measurement date is (\$245,436) and (\$14,086) respectively. As previously mentioned, for the years ended June 30, 2022 and 2021, the Authority made contributions to the Plan totaling \$45,168 and \$39,884 respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022 and 2021, respectively, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability as shown in the sources on the following page:

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	<u>June 30, 2022</u>		<u>June 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>
Differences between Expected and Actual Experience	\$ 47,095	\$ 169,040	\$ 53,572	\$ 499,498
Changes of Assumptions	121,706	311,237	343,448	422,017
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	240	-	1,142	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	141,741	1,680,036	172,569	291,267
Authority Contributions Subsequent to the Measurement Date	22,584	-	19,942	-
	<u>\$ 333,366</u>	<u>\$ 2,160,313</u>	<u>\$ 590,673</u>	<u>\$ 1,212,782</u>

The Authority reported \$22,584 and \$19,942 as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date which will be included as a reduction of the Authority's net OPEB liability in the years ending December 31, 2023 and 2022, respectively. The Authority will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the number of years on the following page:

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	-	7.82
June 30, 2022	7.82	-
Changes of Assumptions Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	7.82	-
June 30, 2022	-	
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Year Ending <u>Dec 31,</u>		
2023	\$	(293,541)
2024		(293,614)
2025		(276,219)
2026		(240,074)
2027		(252,879)
Thereafter		<u>(493,202)</u>
	<u>\$</u>	<u>(1,849,531)</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2022 and 2021 used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Inflation		2.50%
Salary Increases*:	<u>Rate for all future years</u>	<u>Through 2026</u>
	2.75% - 6.55%	1.65% - 8.98%
		<u>2027 and Thereafter</u>
		3.00% - 7.00%

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

For the June 30, 2022 and 2021 measurement dates, mortality rates were based on Pub-2010. General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2022 and MP-2021, respectively.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the July 1, 2022 and 2021 measurement dates, mortality rates were based on the results of the PERS experience study prepared for July 1, 2018 to June 30, 2021.

Preretirement mortality rates were based on the PUB-2010 “General” classification Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale. Postretirement mortality rates were based on the PUB-2010 Headcount-Weighted mortality table with fully generational improvement projections from the central year using the MP-2021 scale. Disability mortality was based on the RP-2010 “General” classification Headcount-Weighted Disabled mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale.

For PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 2021) 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 rates of return for each major asset class included in target asset allocation as of June 30, 2022 and 2021 are summarized in the table on the next page.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Market Eq	13.50%	8.38%	13.50%	8.71%
Emerging Market Equities	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real Assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate – The discount rate used to measure the OPEB Liability at June 30, 2022 and 2021 were 3.54% and 2.16% respectively. This represents the municipal bond return rate as chosen by the State. 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.

Health Care Trend Assumptions – The health care trend assumptions used are as follows:

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Health Care Trend Assumptions (Continued)

Fiscal Year	Annual Rate of Increase			
	Medical Trend			Prescription
	Pre-65	PPO Post-65	HMP Post-65	Drug Trend
Ending				
2023	6.25%	-1.89%	-1.99%	8.00%
2024	6.00%	-6.00%	-6.15%	7.50%
2025	5.75%	6.99%	7.02%	7.00%
2026	5.50%	15.04%	15.18%	6.50%
2027	5.25%	13.00%	13.11%	6.00%
2028	5.00%	11.47%	11.56%	5.50%
2029	4.75%	10.27%	10.35%	5.00%
2030	4.50%	9.29%	9.35%	4.50%
2031	4.50%	8.50%	8.55%	4.50%
2032	4.50%	6.25%	6.27%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%

The net OPEB liability as of June 30, 2022 and 2021, the plans measurement dates, for the Authority and the State of New Jersey, calculated using a discount rate of 3.54% for June 30, 2022 and 2.16% for June 30, 2021, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	June 30, 2022		
	1% Decrease	Current Discount Rate	1% Increase
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 1,057,154	\$ 911,968	\$ 795,152

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEMS (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Continued)

	June 30, 2021		
	1%	Current	1%
	Decrease <u>1.16%</u>	Discount Rate <u>2.16%</u>	Increase <u>3.16%</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 2,809,619	\$ 2,387,491	\$ 2,052,946

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

The Authority's and State's proportionate share of the net OPEB Liability as of June 30, 2022 and 2021, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	June 30, 2022		
	1%	Healthcare Cost	1%
	Decrease	Trend Rate	Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 773,650	\$ 911,968	\$ 1,089,114

	June 30, 2021		
	1%	Healthcare Cost	1%
	Decrease	Trend Rate	Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 1,991,972	\$ 2,387,491	\$ 2,903,595

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at the following website:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 6 DETAILED NOTES – NET POSITION

UNRESTRICTED NET POSITION

The unrestricted net position as of December 31, 2022 and 2021 is comprised of the following:

	2022		2021	
	Sewer	Water	Sewer	Water
Total Unrestricted Net Position (Deficit) - (GAAP)	\$ 1,902,867	\$ (896,658)	\$1,224,430	\$(1,710,020)
Cumulative Effect of the Pension Liability and Related Items (GASB 68)	781,255	731,963	918,891	790,949
Cumulative Effect of the OPEB Liability and Related Items (GASB 75)	<u>1,440,130</u>	<u>1,298,786</u>	<u>1,629,609</u>	<u>1,379,991</u>
Total Unrestricted Net Position (Budgetary Basis)	4,124,252	1,134,091	3,772,930	1,000,920
Less:				
Designated for Renewal and Replacement	1,343,202	522,233	1,236,887	440,424
Designated for Operating Budget	<u>266,124</u>	<u>137,088</u>	<u>158,264</u>	<u>64,578</u>
Total Unrestricted and Undesignated (Budgetary Basis)	<u>\$ 2,514,926</u>	<u>\$ 474,770</u>	<u>\$2,377,779</u>	<u>\$ 495,918</u>

Designated Net Position

The Authority has a GAAP basis unrestricted net position (deficit) of \$1,292,526 and \$54,410 as of December 31, 2022 and 2021, respectively. As shown in the previous chart, the Authority also had a budgetary basis unrestricted net position of \$5,698,979 and \$4,773,850 as of December 31, 2022 and 2021, respectively.

The Authority has, by resolution, designated a portion of its Budgetary Basis Unrestricted Net Position as of December 31, 2022 and 2021 for the following purposes:

Renewal and Replacement – As of December 31, 2022 and 2021, the Authority has designated \$1,343,202 and \$1,236,887, respectively for sewer capital improvements. As of December 31, 2022 and 2021, the Authority has designated \$522,233 and \$440,424, respectively for water capital improvements.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2022 AND 2021**

NOTE 6 DETAILED NOTES – NET POSITION

UNRESTRICTED NET POSITION (CONTINUED)

Designated Net Position (Continued)

Subsequent Year’s Budget – As of December 31, 2022 and 2021, the Authority has designated \$266,124 and \$158,264, respectively for the subsequent year’s Sewer operating budgets. As of December 31, 2022 and 2021, the Authority has designated \$137,088 and \$64,578, respectively for the subsequent year’s Water operating budgets.

NOTE 7 RISK MANAGEMENT

The 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. The Authority has coverage through the New Jersey Utilities Authority Joint Insurance Fund (JIF) and has insurance coverage for the risk of loss related to Property, Boiler & Machinery Systems Breakdown, Inland Marine and Auto Physical Damage. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Deductible and Coverage Limits are as follows:

<u>Coverage</u>	<u>Deductible</u>	<u>Amount</u>
Any One Occurrence Limit	\$ 50,000	\$ 150,000,000
Boiler & Machinery-Equipment Breakdown	50,000	150,000,000
Underground & Outfall Pipe	250,000	5,000,000
Mobile & Contractors Equipment	50,000	5,000,000

The JIF provides its own financial report for the year ended December 31, 2022, which can be obtained from:

New Jersey Utility Authorities Joint Insurance Fund
 c/o PERMA Risk Management
 9 Campus Dr. Suite 216
 Parsippany NJ 07054

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 8 PRIOR PERIOD RESTATEMENT

As explained in Note 1 to the financial statements, the Authority implemented GASB 87 - *Leases* for the year ended December 31, 2022. As a result, certain account balances as of and for the year ended December 31, 2021 have been restated. The following table illustrates the restatement:

Statement of Net Position		
	January 1, 2021	December 31, 2021
Net Position as Previously Reported	\$ 5,233,006	\$ 6,063,845
Prior Period Adjustment:		
Assets:		
Lease Receivables - Current	24,403	24,403
Lease Receivables - Noncurrent	587,276	562,873
Deferred Inflows of Resources:		
Deferred Amount Relating to Leases	(611,679)	(587,276)
Net Position as Restated	\$ 5,233,006	\$ 6,063,845

Statement of Revenues, Expenses and Changes in Net Position		
	2021 (As Previously Reported)	2021 As Restated
Operating Revenue:		
Miscellaneous Income	\$ 13,136	\$ 11,020
Non-Operating Revenue:		
Miscellaneous Income	27,362	4,086
Lease Income		24,403
Interest Income on Leases		989
	\$ 40,498	\$ 40,498

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULES OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS AND NOTES
STATE OF NEW JERSEY PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

Schedule of Proportionate Share of Net Pension Liability on the Measurement Date Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0080599627%	0.0088503598%	0.0086557921%	0.0084955832%	0.0082212600%	0.0083458082%	0.0082018428%	0.0074659329%	0.0077315763%	0.0074885905%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,213,359	\$ 1,048,458	\$ 1,411,533	\$ 1,530,775	\$ 1,618,726	\$ 1,942,771	\$ 2,429,151	\$ 1,675,952	\$ 1,447,563	\$ 1,431,218
Authority's Covered-Employee Payroll	\$ 605,384	\$ 648,588	\$ 626,372	\$ 603,716	\$ 577,348	\$ 578,192	\$ 562,176	\$ 515,000	\$ 534,684	\$ 516,568
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	200.92%	161.65%	225.35%	253.56%	280.37%	336.01%	432.10%	325.43%	270.73%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule of the Authority Contributions for the 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>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 101,640	\$ 103,648	\$ 94,690	\$ 82,637	\$ 81,775	\$ 77,315	\$ 72,864	\$ 64,187	\$ 63,738	\$ 56,425
Contributions in Relation to the Contractually Required Contribution	<u>(101,640)</u>	<u>(103,648)</u>	<u>(94,690)</u>	<u>(82,637)</u>	<u>(81,775)</u>	<u>(77,315)</u>	<u>(72,864)</u>	<u>(64,187)</u>	<u>(63,738)</u>	<u>(56,425)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 605,384	\$ 616,124	\$ 648,588	\$ 626,372	\$ 605,878	\$ 577,348	\$ 553,785	\$ 562,615	\$ 527,578	\$ 534,684
Contributions as a Percentage of Authority's Covered-Employee Payroll	16.79%	16.82%	14.60%	13.19%	13.50%	13.39%	13.16%	11.41%	12.08%	10.55%

Notes to Required Supplementary Information

Changes in Benefit Terms - There were no significant changes in benefits for the July 1, 2021 and 2020 actuarial valuations.

Changes in Assumptions - In accordance with Paragraph 44 of GASB Statement No. 67 the discount rate for June 30, changed as follows:

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
7.00%	7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.39%	5.55%

Schedule Presentation - These schedules are 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.

See accompanying independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART III
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND NOTES
STATE OF NEW JERSEY HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN**

Schedule of Proportionate Share of Net OPEB Liability at June 30 (measurement date)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net OPEB Liability	0.0056470000%	0.0132640000%	0.0134360000%	0.0125190000%	0.0135180000%	0.0133440000%	0.0147460000%
Authority's Proportionate Share of the Net OPEB Liability	\$ 911,968	\$ 2,387,491	\$ 2,411,307	\$ 1,695,833	\$ 2,117,813	\$ 2,724,283	\$ 3,202,457
Authority's Covered-Employee Payroll (Plan Measurement Period)	\$ 616,904	\$ 648,588	\$ 626,372	\$ 603,716	\$ 577,348	\$ 578,192	\$ 562,176
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	147.83%	368.11%	384.96%	280.90%	366.82%	471.17%	569.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.92%	1.98%	1.97%	1.03%	0.69%

Schedule of Employer Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 45,168	\$ 39,884	\$ 36,184	\$ 41,074	\$ 86,735	\$ 89,787	\$ 62,537
Contributions in Relation to the Contractually Required Contribution	(45,168)	(39,884)	(36,184)	(41,074)	(86,735)	(89,787)	(62,537)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 605,384	\$ 616,124	\$ 648,588	\$ 626,372	\$ 577,348	\$ 553,785	\$ 562,176
Contributions as a Percentage of Authority's Covered-Employee Payroll	7.46%	6.47%	5.58%	6.56%	15.02%	16.21%	11.12%

Notes to Required Supplementary Information

Changes in Benefit Terms - There were no significant changes in benefits for the July 1, 2022 and 2021 actuarial valuations.

Changes in Assumptions -

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	2.85%

Schedule Presentation - These schedules are 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.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED
YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR 2021**

	SEWER OPERATION				WATER OPERATION				TOTAL	
	NET INVESTMENT IN CAPITAL ASSETS	RESTRICTED	UNRESTRICTED UNDESIGNATED	UNRESTRICTED DESIGNATED	NET INVESTMENT IN CAPITAL ASSETS	RESTRICTED	UNRESTRICTED UNDESIGNATED	UNRESTRICTED DESIGNATED	2022 (MEMO)	(Restated) 2021 (MEMO)
OPERATING REVENUE:										
User Charges	\$	\$	\$ 1,282,190	\$	\$	\$	\$ 744,748	\$	\$ 2,026,938	\$ 2,065,430
Interest on Delinquent Accounts			22,623				6,004		28,627	61,134
Septage Fees			815,948				-		815,948	798,781
Connection Fees			24,500				3,780		28,280	22,512
Miscellaneous Income			5,889				14,977		20,866	11,020
	-	-	2,151,150	-	-	-	769,509	-	2,920,659	2,958,877
OPERATING EXPENSES:										
Cost of Providing Services			836,059				343,136		1,179,195	1,267,189
Administrative and General			191,791				170,549		362,340	374,373
Depreciation			333,820				135,046		468,866	451,431
	-	-	1,361,670	-	-	-	648,731	-	2,010,401	2,092,993
OPERATING INCOME	-	-	789,480	-	-	-	120,778	-	910,258	865,884
NON-OPERATING REVENUE (EXPENSES):										
Interest Income			18,683				337		19,020	775
Miscellaneous Income			-				-		-	4,086
Lease Income							24,403		24,403	24,403
Interest Income on Leases							989		989	989
Debt Issue Cost Incurred			(64,517)				-		(64,517)	-
Interest Expense			(81,331)				-		(81,331)	(65,298)
	-	-	(127,165)	-	-	-	25,729	-	(101,436)	(35,045)
INCOME BEFORE TRANSFERS	-	-	662,315	-	-	-	146,507	-	808,822	830,839
TRANSFERS	(16,122)		(198,053)	214,175	(126,855)		(27,464)	154,319	-	-
INCREASE (DECREASE) IN NET POSITION	(16,122)	-	464,262	214,175	(126,855)	-	119,043	154,319	808,822	830,839
NET POSITION - JANUARY 1,	3,699,951	-	(170,721)	1,395,151	2,309,484	-	(1,675,022)	505,002	6,063,845	5,233,006
NET POSITION - DECEMBER 31,	\$ 3,683,829	\$ -	\$ 293,541	\$ 1,609,326	\$ 2,182,629	\$ -	\$ (1,555,979)	\$ 659,321	\$ 6,872,667	\$ 6,063,845
UNRESTRICTED NET POSITION (DEFICIT)-UNDESIGNATED										
Cumulative Effect of the Pension Liability (GASB 68)			\$ (781,255)				\$ (731,963)			
Cumulative Effect of the OPEB Liability (GASB 75)			(1,440,130)				(1,298,786)			
Before GASB 68 and 75 Related Items			2,514,926				474,770			
			\$ 293,541				\$ (1,555,979)			

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE SCHEDULES OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>			<u>2021 (Restated)</u>		
	<u>Sewer Operation</u>	<u>Water Operation</u>	<u>Total</u>	<u>Sewer Operation</u>	<u>Water Operation</u>	<u>Total</u>
ASSETS:						
CURRENT ASSETS - UNRESTRICTED:						
Cash	\$ 2,498,307	\$ 568,487	\$ 3,066,794	\$ 1,598,149	\$ 565,638	\$ 2,163,787
Accounts Receivable, Net of Allowance for Doubtful Accounts	419,827	203,909	623,736	341,859	161,229	503,088
Inventory	38,735	25,823	64,558	36,609	24,406	61,015
Other Receivables	6,723	3,312	10,035	6,723	3,312	10,035
Lease Receivables - Current		24,403	24,403	-	24,403	24,403
Total Current Assets - Unrestricted	<u>2,963,592</u>	<u>825,934</u>	<u>3,789,526</u>	<u>1,983,340</u>	<u>778,988</u>	<u>2,762,328</u>
CURRENT ASSETS - RESTRICTED:						
Other:						
Cash	1,340,669	530,424	1,871,093	1,242,273	440,424	1,682,697
Due from NJIB			-	742,592		742,592
Total Current Assets - Restricted	<u>1,340,669</u>	<u>530,424</u>	<u>1,871,093</u>	<u>1,984,865</u>	<u>440,424</u>	<u>2,425,289</u>
NONCURRENT ASSETS:						
Capital Assets, Net of Accumulated Depreciation	7,948,189	2,182,629	10,130,818	8,226,833	2,309,485	10,536,318
Lease Receivables - Noncurrent		538,470	538,470		562,873	562,873
Total Noncurrent Assets	<u>7,948,189</u>	<u>2,721,099</u>	<u>10,669,288</u>	<u>8,226,833</u>	<u>2,872,358</u>	<u>11,099,191</u>
TOTAL ASSETS	<u>12,252,450</u>	<u>4,077,457</u>	<u>16,329,907</u>	<u>12,195,038</u>	<u>4,091,770</u>	<u>16,286,808</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Amount Relating to OPEB	221,687	111,678	333,365	401,803	188,870	590,673
Deferred Amount Relating to Pensions	54,046	115,088	169,134	47,076	112,101	159,177
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>275,733</u>	<u>226,766</u>	<u>502,499</u>	<u>448,879</u>	<u>300,971</u>	<u>749,850</u>

(Continued)

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE SCHEDULES OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	2022			2021 (Restated)		
	Sewer Operation	Water Operation	Total	Sewer Operation	Water Operation	Total
LIABILITIES:						
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:						
Accounts Payable - Operations	\$ 43,553	\$ 29,035	\$ 72,588	\$ 36,446	\$ 24,296	\$ 60,742
Accrued Liabilities	65,738	51,252	116,990	76,877	51,252	128,129
Total Current Liabilities Payable From Unrestricted Assets	109,291	80,287	189,578	113,323	75,548	188,871
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:						
Contracts Payable			-	249,316		249,316
Retainages Payable	16,579		16,579	16,579		16,579
Revenue Bonds Payable - Current Portion	101,399		101,399	68,280		68,280
NJIB Short-Term Loan	-		-	1,237,624		1,237,624
Accrued Interest Payable - Bonds and Notes	11,544		11,544	714		714
Developer Escrow Liability	2,964	2,694	5,658	2,693	2,694	5,387
Total Current Liabilities Payable From Restricted Assets	132,486	2,694	135,180	1,575,206	2,694	1,577,900
LONG-TERM LIABILITIES:						
Accrued Liability Pension - Non-Current Portion	29,542	21,278	50,820	30,245	21,579	51,824
Revenue Bonds Payable - Non-Current Portion	4,146,383		4,146,383	2,955,084		2,955,084
Accrued Compensated Absences	59,362	25,441	84,803	55,637	23,845	79,482
Net OPEB Liability	326,001	585,968	911,969	1,358,867	1,028,624	2,387,491
Net Pension Liability	612,691	603,668	1,216,359	495,160	553,298	1,048,458
Total Long-Term Liabilities	5,173,979	1,236,355	6,410,334	4,894,993	1,627,346	6,522,339
TOTAL LIABILITIES	5,415,756	1,319,336	6,735,092	6,583,522	1,705,588	8,289,110
DEFERRED INFLOWS OF RESOURCES:						
Deferred Revenue	2,124	109,385	111,509	5,090	109,524	114,614
Deferred Amount Relating to OPEB	1,335,816	824,496	2,160,312	672,545	540,237	1,212,782
Deferred Amount Relating to Pensions	133,983	179,550	313,533	380,071	285,016	665,087
Deferred Connection Fees	53,808	22,612	76,420	78,308	25,636	103,944
Deferred Amount Relating to Leases		562,873	562,873		587,276	587,276
TOTAL DEFERRED INFLOWS OF RESOURCES	1,525,731	1,698,916	3,224,647	1,136,014	1,547,689	2,683,703
NET POSITION:						
Net Investment in Capital Assets	3,683,829	2,182,629	5,866,458	3,699,951	2,309,484	6,009,435
Unrestricted (Deficit)	1,902,867	(896,658)	1,006,209	1,224,430	(1,170,020)	54,410
TOTAL NET POSITION	\$ 5,586,696	\$ 1,285,971	\$ 6,872,667	\$ 4,924,381	\$ 1,139,464	\$ 6,063,845

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021 (Restated)		
	Sewer Operation	Water Operation	Total	Sewer Operation	Water Operation	Total
OPERATING REVENUE:						
User Charges and Fees	\$ 1,282,190	\$ 744,748	\$ 2,026,938	\$ 1,317,765	\$ 747,665	\$ 2,065,430
Interest on Delinquent Accounts	22,623	6,004	28,627	57,661	3,473	61,134
Septage Fees	815,948		815,948	798,781		798,781
Connection Fees	24,500	3,780	28,280	21,000	1,512	22,512
Miscellaneous Income	5,889	14,977	20,866	-	11,020	11,020
Total Operating Revenue	2,151,150	769,509	2,920,659	2,195,207	763,670	2,958,877
OPERATING EXPENSES:						
Cost of Providing Services	836,059	343,136	1,179,195	925,352	341,837	1,267,189
Administrative and General	191,791	170,549	362,340	198,559	175,814	374,373
Depreciation	333,820	135,046	468,866	314,000	137,431	451,431
Total Operating Expenses	1,361,670	648,731	2,010,401	1,437,911	655,082	2,092,993
OPERATING INCOME	789,480	120,778	910,258	757,296	108,588	865,884
NON-OPERATING REVENUE (EXPENSES):						
Interest Income	18,683	337	19,020	507	268	775
Miscellaneous Income	-		-	4,086		4,086
Lease Income		24,403	24,403		24,403	24,403
Interest Income on Leases		989	989		989	989
Debt Issue Costs Incurred	(64,517)		(64,517)			-
Interest Expense	(81,331)	-	(81,331)	(65,298)	-	(65,298)
Total Non-Operating Revenue (Expenses)	(127,165)	25,729	(101,436)	(60,705)	25,660	(35,045)
CHANGE IN NET POSITION	662,315	146,507	808,822	696,591	134,248	830,839
NET POSITION - BEGINNING	4,924,381	1,139,464	6,063,845	4,227,790	1,005,216	5,233,006
NET POSITION- DECEMBER 31,	\$ 5,586,696	\$ 1,285,971	\$ 6,872,667	\$ 4,924,381	\$ 1,139,464	\$ 6,063,845

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021

	SEWER OPERATIONS			WATER OPERATIONS		
	2022 BUDGET	2022 ACTUAL	2021 ACTUAL	2022 BUDGET	2022 ACTUAL	2021 (Restated) ACTUAL
REVENUE:						
User Charges and Fees	\$ 1,330,000	\$ 1,303,267	\$ 1,328,834	\$ 715,000	\$ 753,833	\$ 753,117
Interest on Delinquent Accounts	25,000	22,623	57,661	12,000	6,004	3,473
Connection Fees	7,000	24,500	21,000	3,780	3,780	1,512
Septage Fees	375,000	815,948	798,781			
Miscellaneous Operating Income		5,889		2,000	14,977	11,020
Miscellaneous Non-Operating Income			4,086	25,000	25,392	25,392
Interest on Investments	500	18,683	507	1,000	337	268
Total Revenue	<u>1,737,500</u>	<u>2,190,910</u>	<u>2,210,869</u>	<u>758,780</u>	<u>804,323</u>	<u>794,782</u>
EXPENSES:						
Costs of Providing Services:						
Salaries and Wages	412,447	391,954	397,498	176,910	167,980	178,390
Employee Benefits	245,165	205,944	198,251	104,995	88,317	84,684
Automotive Expenses	27,500	11,623	23,456	6,000	1,336	2,466
Office Supplies - Plant	3,000	2,994	2,071	1,000	292	110
Operating Supplies	190,000	163,076	163,590	63,000	53,744	39,641
Utilities	185,000	196,265	152,052	92,000	108,652	80,655
Repairs and Maintenance	125,000	76,480	95,379	26,000	28,131	10,295
Laboratory Supplies	16,500	24,464	12,210	5,000	2,254	1,390
Laboratory Testing	38,500	24,951	25,912	5,000	2,803	4,512
General Expense				1,000		
Public Water Tax				2,500	1,780	1,866
	<u>1,243,112</u>	<u>1,097,751</u>	<u>1,070,419</u>	<u>483,405</u>	<u>455,289</u>	<u>404,009</u>
Administrative and General Expenses:						
Salaries and Wages	72,410	71,881	70,872	72,410	71,881	70,871
Employee Benefits	39,075	39,917	39,456	39,075	39,916	39,456
Office Supplies and Expenses	8,000	6,245	6,534	8,000	6,177	6,469
Computer Expense	12,000	9,103	7,648	12,000	7,803	6,898
Professional Services	90,000	43,065	27,726	58,500	34,075	28,490
Insurance	45,000	39,812	39,246	20,000	17,062	17,634
Postage/Billing	6,500	4,942	3,230	7,000	4,576	3,310
Telephone	9,500	10,297	9,286	6,000	4,279	3,980
Education	8,000				3,436	3,576
Legal Advertising	2,000	640	2,003	1,000	341	1,101
Licenses, Fees, Permits and Assessments	28,000	31,312	28,825	11,000	9,041	9,572
	<u>320,485</u>	<u>257,214</u>	<u>234,826</u>	<u>234,985</u>	<u>198,587</u>	<u>191,357</u>
Interest Expense	<u>63,886</u>	<u>81,331</u>	<u>65,298</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021

	SEWER OPERATIONS			WATER OPERATIONS		
	2022 BUDGET	2022 ACTUAL	2021 ACTUAL	2022 BUDGET	2022 ACTUAL	2021 (Restated) ACTUAL
OTHER COSTS FUNDED BY REVENUES:						
Principal Maturities	\$ 68,281	\$ 82,720	\$ 66,852	\$ -	\$ -	\$ -
Renewal and Replacement Reserves	200,000	200,000	200,000	90,000	90,000	90,000
	<u>268,281</u>	<u>282,720</u>	<u>266,852</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
TOTAL COSTS FUNDED BY REVENUES	<u>1,895,764</u>	<u>1,719,016</u>	<u>1,637,395</u>	<u>808,390</u>	<u>743,876</u>	<u>685,366</u>
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	<u>\$ (158,264)</u>	471,894	573,474	<u>\$ (49,610)</u>	60,447	109,416
Reconciliation of Budgetary Basis to Change in Net Position						
Adjustments to Budgetary Basis:						
Principal Maturities		82,720	66,852		-	-
Other Reserves		200,000	200,000		90,000	90,000
Depreciation		(333,820)	(314,000)		(135,046)	(137,431)
Change in Allowance for Doubtful Accounts		(21,077)	(11,069)		(9,085)	(5,452)
Debt Issue Costs Incurred		(64,517)				
OPEB Expense - Difference Between GAAP vs. Budgetary:						
Administrative and General Expenses		37,896	8,969		16,241	3,844
Cost of Providing Services		151,583	35,877		64,964	15,376
Pension Expense - Difference Between GAAP vs. Budgetary:						
Administrative and General Expenses		27,527	27,298		11,797	11,699
Cost of Providing Services		110,109	109,190		47,189	46,796
CHANGE IN NET POSITION PER SCHEDULE 3		<u>\$ 662,315</u>	<u>\$ 696,591</u>		<u>\$ 146,507</u>	<u>\$ 134,248</u>

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF RECONCILIATION OF BUDGETARY REVENUES AND
COSTS FUNDED BY REVENUES TO CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	(Restated) 2021
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES (BUDGETARY BASIS):		
Sewer Operations	\$ 471,894	\$ 573,474
Water Operations	60,447	109,416
	532,341	682,890
Increased (Reduced) By:		
Principal Maturities	82,720	66,852
Other Reserves	290,000	290,000
Change in Allowance for Doubtful Accounts	(30,162)	(16,521)
Depreciation	(468,866)	(451,431)
Debt Issue Costs Incurred	(64,517)	
OPEB Expense - Difference Between GAAP vs. Budgetary:		
Administrative and General Expenses	54,137	12,813
Cost of Providing Services	216,547	51,253
Pension Expense - Difference Between GAAP vs. Budgetary:		
Administrative and General Expenses	39,324	38,997
Cost of Providing Services	157,298	155,986
CHANGE IN NET POSITION PER EXHIBIT B	\$ 808,822	\$ 830,839

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2022**

	ORIGINAL ISSUE	DATE OF ISSUE	INTEREST RATE	PRINCIPAL MATURITIES		BALANCE JANUARY 1, 2022	ISSUED 2022	PAID 2022	BALANCE DECEMBER 31, 2022
				DATE	AMOUNT				
2013 USDA Loan	\$ 3,549,000	6/28/2013	2.125%	2023	\$ 69,739	\$ 3,023,364	\$ -	\$68,280	\$ 2,955,084
				2024	71,229				
				2025	72,750				
				2026	74,305				
				2027	75,892				
				2028	77,513				
				2029	79,169				
				2030	80,861				
				2031	82,588				
				2032	84,352				
				2033	86,154				
				2034	87,995				
				2035	89,875				
				2036	91,795				
				2037	93,755				
				2038	95,758				
				2039	97,804				
				2040	99,894				
				2041	102,027				
				2042	104,207				
				2043	106,433				
				2044	108,707				
				2045	111,029				
				2046	113,401				
				2047	115,824				
				2048	118,298				
				2049	120,825				
				2050	123,406				
				2051	126,042				
				2052	128,736				
				2053	64,721				

(Continued)

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2022**

	ORIGINAL ISSUE	DATE OF ISSUE	INTEREST RATE	PRINCIPAL MATURITIES		BALANCE JANUARY 1, 2022	ISSUED 2022	PAID 2022	BALANCE DECEMBER 31, 2022
				DATE	AMOUNT				
2022 New Jersey Infrastructure Bank Fund Loan	\$ 642,574	6/28/2013	N/A	2023	\$ 21,660	\$ -	\$ 642,574	\$ 14,440	\$ 628,134
				2024	21,660				
				2025	21,660				
				2026	21,660				
				2027	21,660				
				2028	21,660				
				2029	21,660				
				2030	21,660				
				2031	21,660				
				2032	21,660				
				2033	21,660				
				2034	21,660				
				2035	21,660				
				2036	21,660				
				2037	21,660				
				2038	21,660				
				2039	21,660				
				2040	21,660				
				2041	21,660				
				2042	21,660				
				2043	21,660				
				2044	21,660				
				2045	21,660				
				2046	21,660				
				2047	21,660				
				2048	21,660				
				2049	21,660				
				2050	21,660				
				2051	21,654				

(Continued)

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2022**

	ORIGINAL ISSUE	DATE OF ISSUE	INTEREST RATE	PRINCIPAL MATURITIES		BALANCE JANUARY 1, 2022	ISSUED 2022	PAID 2022	BALANCE DECEMBER 31, 2022
				DATE	AMOUNT				
2022 New Jersey Infrastructure Bank Trust Loan	\$ 635,000	6/28/2013	5.00%	2023	\$ 10,000	-	\$ 635,000	-	\$ 635,000
			5.00%	2024	10,000				
			5.00%	2025	10,000				
			5.00%	2026	15,000				
			5.00%	2027	15,000				
			5.00%	2028	15,000				
			5.00%	2029	15,000				
			5.00%	2030	15,000				
			5.00%	2031	15,000				
			5.00%	2032	20,000				
			3.25%	2033	20,000				
			3.375%	2034	20,000				
			3.375%	2035	20,000				
			3.375%	2036	20,000				
			3.50%	2037	20,000				
			3.50%	2038	20,000				
			3.50%	2039	25,000				
			3.50%	2040	25,000				
			3.50%	2041	25,000				
			3.625%	2042	25,000				
			3.625%	2043	25,000				
			3.50%	2044	25,000				
			4.00%	2045	30,000				
			4.00%	2046	30,000				
			4.00%	2047	30,000				
			4.00%	2048	30,000				
			4.00%	2049	35,000				
			4.00%	2050	35,000				
			4.00%	2051	35,000				
						\$ 3,023,364	\$ 1,277,574	\$ 82,720	\$ 4,218,218

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
ROSTER OF OFFICIALS**

The following officials were in office during the period under review:

Authority Members

Position

Joseph Santagata	Chairman
Richard Baker	Vice Chairman
John Formisano	Member
Robert Delano	Member
Jeffrey Johnston	Member
Anthony Abriola	Alternate #1

Other Officials

Cheryl Santore	Secretary/Treasurer and Financial Officer
Testa, Heck, Testa & White, P.A.	Solicitor

Surety Company

New Jersey Utility Authorities Joint Insurance Fund

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2022**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None noted.

**BOROUGH OF BUENA MUNICIPAL UTILITIES AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2022**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No prior year findings noted.