

Res. No. 23-0227-6

**RESOLUTION ACCEPTING THE FY 2021 COMPREHENSIVE ANNUAL
FINANCIAL REPORT AND YEAR END AUDIT**

WHEREAS, N.J.S.A. 40A:5A-15 requires the governing body of each local Authority to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended 2021 has been completed and filed with the

DEPARTMENT OF COMMUNITY AFFAIRS

Pursuant to N.J.S.A. 40A:5A-15, and

WHEREAS, N.J.S.A. 40A:5A-17 requires the governing body of each Authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled “**General Comments**” and “**Recommendations**”, and has evidenced same by group affidavit in the form prescribed by the Local Finance Board, and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled “**General Comments**” and “**Recommendations**” in accordance with N.J.S.A. 40A:5A-17,

NOW, THEREFORE, BE IT RESOLVED that the governing body of

THE SOMERSET RARITAN VALLEY SEWERAGE AUTHORITY

Hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended 2021, and specifically has reviewed the sections of the audit report entitled “**General Comments**” and “**Recommendations**” and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the Secretary of the Authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON FEBRUARY 27, 2023.



Secretary
2/28/23

Date

Res. No. 23-0227-6

End of Year Audit – 2021

Page 2 of 2

INTRODUCED BY: RICHARD MATHEWS
SECONDED BY: ROBERT ALBANO

ROLL CALL:

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Nicolas Carra	Yes	Reinhard Pratt	Yes
Louis Esposito, Jr	Absent	Frank Scarantino	Absent
Michael Impellizeri	Yes	Randy Smith	Absent
Edward Machala	Yes	Peter Stires	Yes
Richard Mathews	Yes	Joseph Lifrieri	Yes
Michael Pappas	Absent		

CERTIFICATION

I, RONALD S. ANASTASIO, Executive Director and Certifying Agent of The Somerset Raritan Valley Sewerage Authority, HEREBY CERTIFY that the foregoing is a true copy of a Resolution adopted at a Regular Meeting of the Authority held on the 27th day of February 2023 as the same appears on record in the Minute Book of The Authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of The Authority this 28th day of February 2023.



Ronald S. Anastasio, P.E.
Executive Director
RSA/lmh



The
Somerset Raritan Valley
Sewerage Authority

TO: FINANCE COMMITTEE (ALBANO, IMPELLIZERI, MACHALA, MATHEWS)
RONALD ANASTASIO, EXECUTIVE DIRECTOR

FROM: PETER WOZNIAK, MS, CPA, CMFO, QPA
CHIEF FINANCIAL OFFICER

DATE: FEBRUARY 17, 2023

SUBJECT: 2021 YEAR END AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT/AUDIT

The Authority's Finance Department prepares the Financial Report, which is audited and the firm Suplée, Clooney & Company issues an opinion. The Financial Report for calendar year 2021 is late again this year due to the State of New Jersey's inability to issue actuarial valuations for certain Governmental Accounting Standards Board (GASB) reports on pensions and benefits. Unlike municipalities, Authorities are required to prepare the accounting and present costs and liabilities for pensions and benefits on the key financial statements.

The Authority's financial statements are prepared using Generally Accepted Accounting Principles issued by the GASB. Included in the report you will find the Statement of Net Position, Statement of Changes in Net Position and Statement of Cash Flow along with the Management Discussion & Analysis, Notes to the Financial Statements and Required Supplementary Information along with other Supplementary Information.

As the financial report is one of the most important documents the Authority issues on an annual basis, I particularly encourage the close review of the Management Discussion & Analysis (Page 15-19) and the Basic Financial Statements (Page 21-24). Also, the Authority did not receive any Auditor Findings which require a Corrective Action Plan (Page 76).

The Authority reports the results of each year's financial results using a budgetary basis of accounting and a full accrual basis of accounting which has many similarities of accounting to private business.

On a budgetary basis the Authority's revenue exceeded expenses by about \$1.6 million during fiscal year 2021, affording us the opportunity to build funds for capital projects and generate investment earnings to help avoid large rate increases. The Management Discussion & Analysis takes a deeper dive into the specific reasons for the excess of revenue above expenses for 2021. Preliminary results for fiscal year 2022 indicate that the Authority had another positive year generating about \$300 thousand of revenue over expenses on a budgetary basis, without utilizing any of the \$2.3 million of net position (fund

balance) that was budgeted for 2022. The \$7 million dollar reserve for Storm Control Treatment Facility Debt remains at \$7 million as we manage the Authority in 2023.

On a full accrual basis, which considers depreciation expense and does not consider principal repayment of debt an expense the Authority is reporting a change in net position (net income) of \$3.6 million for fiscal year 2021. Preliminary approximate results for fiscal year 2022 indicate that the Authority just about broke even as depreciation & amortization increases in 2022 to \$4.3 million from \$3.0 million in 2021. It should be noted that as we budget over \$2 million of funds from the Storm Control Treatment Facility to pay for the related debt and to balance the operating budget as well as higher depreciation expenses from the significant capital projects completed recently, the Authority will very likely post a loss when utilizing full accrual accounting under Generally Accepted Government Accounting Principals in the next few years. The cooling housing market will also decrease Connection Fee revenue, strengthening headwinds related to revenue figures.

Over the last three years 2020-2022 the Authority has disbursed about \$80 million to fund operations, debt service and capital projects. The Mercury Emission Control Project, Storm Control Treatment Facility and Plantwide Electrical Rehabilitation Project were all financed due to historically low interest rates and 75% interest free principal on the first two projects. Our long term debt has increased by about \$35 million since year end 2017, however the debt load is manageable and was carefully planned. Also, noteworthy is our capital debt has **increased** \$17.7 million since 2007 however annual interest expenses on capital debt have **decreased** about \$500 thousand since 2007 in relation to the 2023 Budget for interest expense. The interest free component of the DEP/I-Bank financing program, historically low interest rates, as well as great timing on long term debt issuance has saved the Authority millions. Inflation will work in the Authority's favor in regard to principal repayments as the long-term debt figure is deflated to present value.

The Authority has at least two more large capital projects on the radar (Original Interceptor & Mechanical Rehabilitation) which coincide with an available and well managed cash position and borrowing capacity to smooth out any potential billing rate charge changes. The regulatory environment will be notably important moving forward as PFAS, energy/carbon footprint reductions, interest rates/inflation economic policies regulations may have significant impacts on our budget and the service charge rates in the future.

Should you have any questions on your review of the Comprehensive Annual Financial Report/Year End Audit please do not hesitate to contact me Peter.Wozniak@SRVSA.ORG or 732-469-0593 X 206 or request a personal briefing.

Res. No. 23-0227-7

RESOLUTION - PAYROLL

BE IT RESOLVED by The Somerset Raritan Valley Sewerage Authority that the Treasurer be and is hereby authorized to approve Checks No. 22013 through No. 22119 all numbers inclusive in the amount of \$286,552.98 and Checks No. 30192 through No. 30209 all numbers inclusive, in the amount of \$193,451.17 for a total of \$480,004.15, said checks having been reviewed and certified by the Executive Director for payment.

INTRODUCED BY: RICHARD MATHEWS
SECONDED BY: ROBERT ALBANO

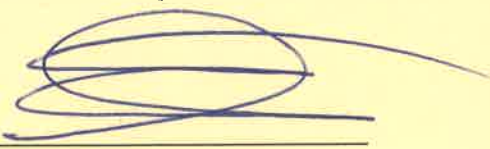
Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Nicolas Carra	Yes	Reinhard Pratt	Yes
Louis Esposito, Jr	Absent	Frank Scarantino	Absent
Michael Impellizeri	Yes	Randy Smith	Absent
Edward Machala	Yes	Peter Stires	Yes
Richard Mathews	Yes	Joseph Lifrieri	Yes
Michael Pappas	Absent		

CERTIFICATION

I, Ronald S. Anastasio, Executive Director and Certifying Agent of The Somerset Raritan Valley Sewerage Authority, **HEREBY CERTIFY** that the foregoing is a true copy of a Resolution adopted at a Regular Meeting of the Authority held on the 27th day of February 2023, as the same appears on record in the Minute Book of the Authority.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of the Authority this 28th day of February 2023.



Ronald S. Anastasio, P.E.
Executive Director

RSA/lmh

RESOLUTION -- BILLS

BE IT RESOLVED that the Members of The Somerset Raritan Valley Sewerage Authority, including the Finance Committee, hereby certify that we have read the list of bills and have examined the original vouchers that have been reviewed and certified by the Executive Director and presented to the Board of Commissioners for payment and find the same to be in order and acceptable for payment by The Somerset Raritan Valley Sewerage Authority.

OPERATING FUND	\$	496,796.27
GENERAL FUND ACCOUNT	\$	0.00
CONSTRUCTION FUND ACCOUNT	\$	0.00
CONNECTION CAPITAL ACCOUNT	\$	47,716.44
	\$	
	\$	<u>544,512.71</u>

INTRODUCED BY: MICHAEL IMPELLIZERI
SECONDED BY: EDWARD MACHALA

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Nicolas Carra	Yes	Reinhard Pratt	Yes
Louis Esposito, Jr	Absent	Frank Scarantino	Absent
Michael Impellizeri	Yes	Randy Smith	Absent
Edward Machala	Yes	Peter Stires	Yes
Richard Mathews	Yes	Joseph Lifrieri	Yes
Michael Pappas	Absent		

CERTIFICATION

I, RONALD S. ANASTASIO, Executive Director and Certifying Agent of The Somerset Raritan Valley Sewerage Authority, **HEREBY CERTIFY** that the foregoing is a true copy of a Resolution adopted at a Regular Meeting of the Authority held on the 27th day of February 2023 as the same appears on record in the Minute Book of the Authority.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of the Authority this 28th day of February 2023.

Ronald S. Anastasio, P.E.
Executive Director

RESOLUTION AUTHORIZING CLOSED SESSION FOR THE PURPOSES OF A PERSONNEL MATTERS DISCUSSION REGARDING A TERMINATED EMPLOYEE

NOW, THEREFORE, BE IT RESOLVED by The Somerset Raritan Valley Sewerage Authority Board of Commissioners as follows:

1. In accordance with the Open Public Meetings Act, the Authority shall adjourn to executive session in accordance with N.J.S.A. 10:4-12(b)(7), for the purposes of personnel matters discussions regarding a terminated employee.
2. The minutes of the executive session relating to personnel matters will be released to the public upon the issuance of an unappealable Order of a Court of competent jurisdiction, upon settlement of all issues in the matter, or the failure to institute litigation after the passage of reasonable time.
3. The matters discussed in Closed Session shall be released to the public at such time when they will not be detrimental to the public interest.
4. This Resolution shall take effect as provided by law.

INTRODUCED BY: RICHARD MATHEWS
SECONDED BY: ROBERT ALBANO

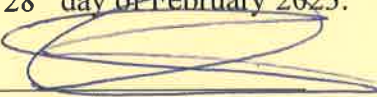
Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Nicolas Carra	Yes	Reinhard Pratt	Yes
Louis Esposito, Jr	Absent	Frank Scarantino	Absent
Michael Impellizeri	Yes	Randy Smith	Absent
Edward Machala	Yes	Peter Stires	Yes
Richard Mathews	Yes	Joseph Lifrieri	Yes
Michael Pappas	Absent		

CERTIFICATION

I, Ronald S. Anastasio, Executive Director and Certifying Agent of The Somerset Raritan Valley Sewerage Authority, **HEREBY CERTIFY** that the foregoing is a true copy of a Resolution adopted at a Meeting of the Authority held on the 27th day of February 2023, as the same appears on record in the Minute Book of The Authority.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the Seal of The Authority this 28th day of February 2023.



Ronald S. Anastasio, P.E.
Executive Director