

RESOLUTION

OF THE

UNION COUNTY UTILITIES AUTHORITY

Resolution No.: 61 -2025
Date: November 12, 2025

Approved as to form:

Bianka Vargas, Clerk

Approved as to sufficiency of funds:

_____, Acting Comptroller

[☐] YES [☐] NO [☒] NONE REQUIRED

RESOLUTION OF THE UNION COUNTY UTILITIES AUTHORITY CERTIFYING TO THE LOCAL FINANCE BOARD ITS COMPLIANCE REGARDING ANNUAL AUDIT PURSUANT TO N.J.S.A. 40A:5A-17

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 calendar year ended December 31, 2024 has been completed and filed with the Division of Local Government Services 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 forty-five (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, 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.

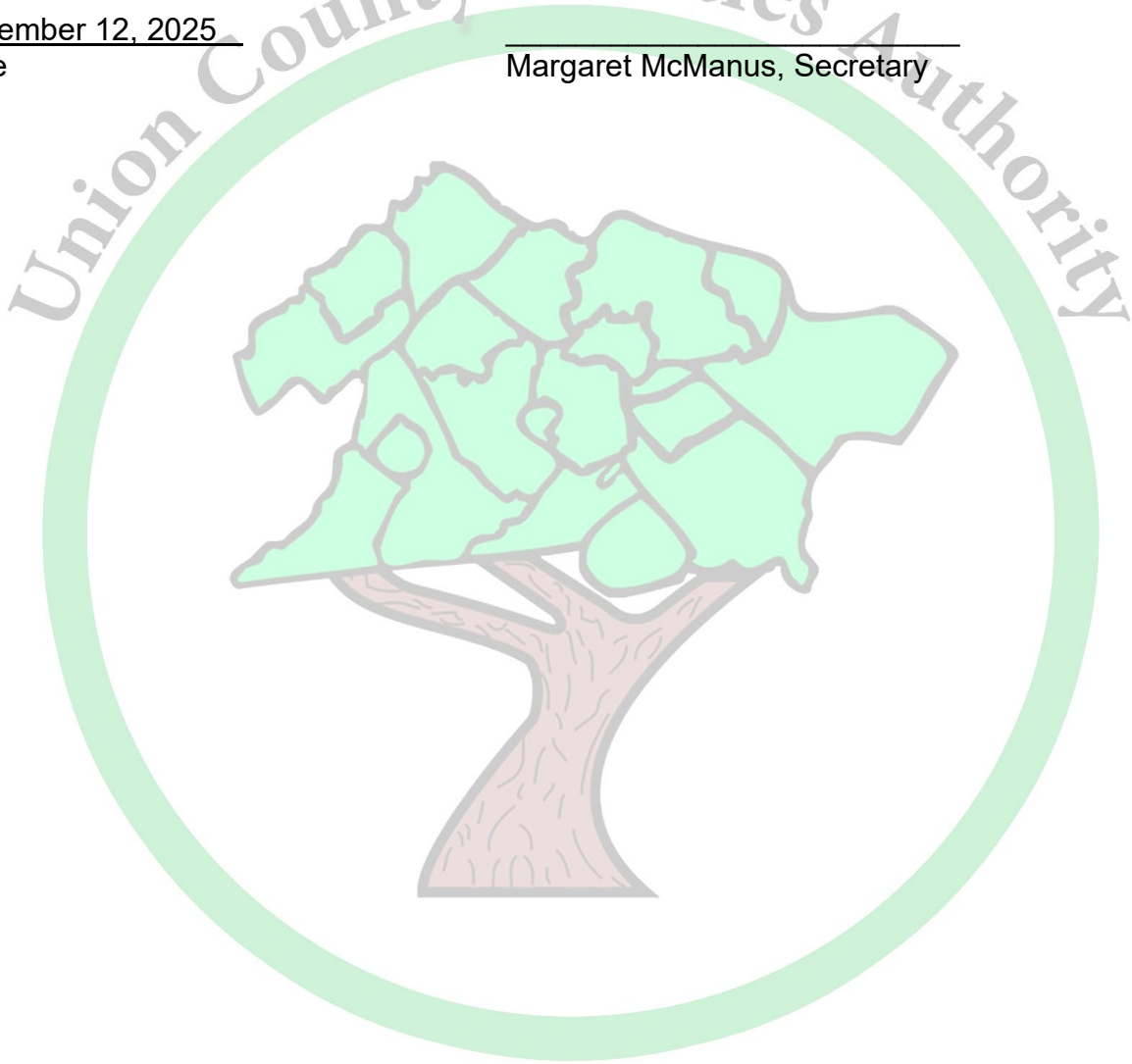
NOW, THEREFORE, BE IT RESOLVED, that the governing body of the Union County Utilities Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the calendar year ended December 31, 2024 and specifically 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 November 12, 2025.

November 12, 2025
Date

Margaret McManus, Secretary



	PRESENT	ABSENT	AYE	NAY	ABSTAIN	MOTION	SECOND
<i>Eastman</i>		✓					
<i>Figueiredo</i>	✓		✓				
<i>Holder</i>	✓		✓				
<i>Jackus</i>	✓		✓				
<i>Kahn</i>	✓		✓				
<i>McManus</i>	✓		✓				
<i>Rachlin</i>	✓		✓			✓	
<i>Scutari</i>	✓		✓				✓
<i>Szpond</i>	✓		✓				
<i>Alma, Alternate No. 1</i>	✓		✓				
<i>Scott-Bey, Alternate No. 2</i>	✓						

LOCAL AUTHORITIES
GROUP AFFIDAVIT

PRESCRIBED BY
THE NEW JERSEY LOCAL FINANCE BOARD

AUDIT REVIEW CERTIFICATION

We, the members of the governing body of the Union County Utilities Authority being of full age and being duly sworn according to law, upon our oath depose and say:

1. We are duly appointed members of the Union County Utilities Authority.
2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual audit report for the calendar year ended December 31, 2024 and specifically the sections of the audit report entitled "General Comments" and "Recommendations".

Print Name	Signature
Raymond Szpond, Chairperson	_____
Laura Scutari, Vice Chair	_____
Roy Eastman, Treasurer	_____
Manuel Figueiredo	_____
Kyle Holder	_____
Edward Kahn	_____
Edward Jackus	_____
Margaret McManus, Secretary	_____
Robert Rachlin	_____
Carlos Alma, Alternate	_____
Ronald Scott Bey	_____

UNION COUNTY UTILITIES AUTHORITY
REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

UNION COUNTY UTILITIES AUTHORITY

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WIELKOTZ & COMPANY^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
Union County Utilities Authority
Rahway, New Jersey 07065

Report on the Financial Statements

Opinion

We have audited the accompanying statement of net position of the Union County Utilities Authority, as of December 31, 2024 and 2023 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Union County Utilities Authority as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. 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 Union County 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 opinion.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Union County Utilities Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union County Utilities Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Union County Utilities Authority's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

Prior Period Restatement

As discussed in Note 14 to the financial statements, the beginning net position on the statement of revenues, expenses and changes in net position has been restated for the fiscal year ending December 31, 2023 to account for the addition of the Interlocal Agreement Payable account. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

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

Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 on our consideration of the Union County Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

Honorable Chairperson and Commissioners
Union County Utilities Authority
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internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Utilities Authority's internal control over financial reporting and compliance.

Very truly yours,



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

October 15, 2025

Required Supplementary Information - Part I

Management Discussion and Analysis

UNION COUNTY UTILITIES AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Union County Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2024 and 2023. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's liabilities and deferred inflows exceeded its assets and deferred outflows of resources by \$96,433,487 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows exceeded assets and deferred outflows of resources by \$104,382,877, as restated.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$(131,436,183) includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt and unexpended funds related to the purchase or construction of capital assets.
 - (2) Restricted of \$29,836,364 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted of \$5,166,332 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority decreased by \$8,935,091 to \$173,778,333 during the fiscal year.

Overview of the Financial Statements

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

Required Financial Statements

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides information about the nature and amounts of investments in resources (assets), the consumption of net position that is applicable to a future period (deferred outflows of resources), the acquisition of net position that is applicable to a future reporting period (deferred inflows of resources) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

**UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

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

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of the Authority

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

**UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position

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

The Authority's net position at fiscal year-end is \$(96,433,487). This is a \$7,949,390 increase over last year's restated net position of \$(104,382,877). A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position at December 31, 2024
With Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>Restated FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	49,671,567	47,496,837	2,174,730	4.58%
Capital Assets	<u>26,059,931</u>	<u>32,369,940</u>	<u>(6,310,009)</u>	(19.49)%
Total Assets	<u>75,731,498</u>	<u>79,866,777</u>	<u>(4,135,279)</u>	(5.18)%
Deferred Outflows of Resources	<u>4,322,738</u>	<u>2,967,875</u>	<u>1,354,863</u>	45.65%
Long-term Liabilities	160,429,787	169,684,100	(9,254,313)	(5.45)%
Current Liabilities	<u>13,348,546</u>	<u>13,029,324</u>	<u>319,222</u>	2.45%
Total Liabilities	<u>173,778,333</u>	<u>182,713,424</u>	<u>(8,935,091)</u>	(4.89)%
Deferred Inflows of Resources	<u>2,709,390</u>	<u>4,504,105</u>	<u>(1,794,715)</u>	(39.85)%
Net Investment in Capital Assets	(131,436,183)	(129,945,546)	(1,490,637)	1.15%
Restricted	29,836,364	29,653,802	182,562	0.62%
Unrestricted	<u>5,166,332</u>	<u>(4,091,133)</u>	<u>9,257,465</u>	226.28%
Total Net Position	<u>(96,433,487)</u>	<u>(104,382,877)</u>	<u>7,949,390</u>	7.62%

**UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position (Continued)

A summary of the Authority's prior year statement of net position is presented with comparative figures in the following table. These figures have not been updated to include the prior period adjustments described in Note 14 of the financial statements.

**Condensed Statement of Net Position at December 31, 2023
With Comparative Prior Year Balances**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	47,496,837	47,114,346	382,491	0.81%
Capital Assets	<u>32,369,940</u>	<u>38,834,137</u>	<u>(6,464,197)</u>	(16.65)%
Total Assets	<u>79,866,777</u>	<u>85,948,483</u>	<u>(6,081,706)</u>	(7.08)%
Deferred Outflows of Resources	<u>2,967,875</u>	<u>3,909,822</u>	<u>(941,947)</u>	(24.09)%
Long-term Liabilities	165,184,100	172,111,098	(6,926,998)	(4.02)%
Current Liabilities	<u>12,529,324</u>	<u>12,064,970</u>	<u>464,354</u>	3.85%
Total Liabilities	<u>177,713,424</u>	<u>184,176,068</u>	<u>(6,462,644)</u>	(3.51)%
Deferred Inflows of Resources	<u>4,504,105</u>	<u>5,652,211</u>	<u>(1,148,106)</u>	(20.31)%
Net Investment in Capital Assets	(129,945,546)	(128,082,764)	(1,862,782)	1.45%
Restricted	29,653,802	29,976,014	(322,212)	(1.07)%
Unrestricted	<u>908,867</u>	<u>(1,863,224)</u>	<u>2,772,091</u>	(148.78)%
Total Net Position	<u>(99,382,877)</u>	<u>(99,969,974)</u>	<u>587,097</u>	0.59%

**UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position (Continued)

**Condensed Statement of Revenues, Expenses
And Changes in Net Position for the Year Ending
December 31, 2024 with Comparative Prior Year Balances**

	<u>FY 2024</u>	<u>Restated FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	49,050,446	46,248,855	2,801,591	6.06%
Non-operating Revenues	<u>1,007,141</u>	<u>703,113</u>	<u>304,028</u>	43.24%
Total Revenues	<u>50,057,587</u>	<u>46,951,968</u>	<u>3,105,619</u>	6.61%
Depreciation	6,474,396	6,474,397	(1)	0.00%
Other Operating Expenses	29,695,818	28,243,849	1,451,969	5.14%
Other Non-operating Expense	<u>5,937,983</u>	<u>11,146,625</u>	<u>(5,208,642)</u>	(46.73)%
Total Expenses	<u>42,108,197</u>	<u>45,864,871</u>	<u>(3,756,674)</u>	(8.19)%
Change in Net Position	7,949,390	1,087,097	6,862,293	631.25%
Beginning Net Position	(104,382,877)	(99,969,974)	(4,412,903)	4.41%
Prior Period Adjustment	_____	<u>(5,500,000)</u>	<u>(5,500,000)</u>	(100.00)%
Ending Net Position	<u>(96,433,487)</u>	<u>(104,382,877)</u>	<u>7,949,390</u>	1.04%

**UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Net Position (Continued)

A summary of the Authority's prior year statement of revenues, expenses and changes in net position is presented with comparative fiscal year figures in the following table. These figures have not been updated to include the prior period adjustments described in Note 14 of the financial statements.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position for the Year Ending
December 31, 2023 with Comparative Prior Year Balances**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	46,248,855	44,685,948	1,562,907	3.50%
Non-operating Revenues	<u>703,113</u>	<u>95,983</u>	<u>607,130</u>	632.54%
Total Revenues	<u>46,951,968</u>	<u>44,781,931</u>	<u>2,170,037</u>	4.85%
Depreciation	6,474,397	6,511,639	(37,242)	(0.57)%
Other Operating Expenses	28,243,849	26,745,477	1,498,372	5.60%
Other Non-operating Expense	<u>11,646,625</u>	<u>13,778,908</u>	<u>(2,132,283)</u>	(15.48)%
Total Expenses	<u>46,364,871</u>	<u>47,036,024</u>	<u>(671,153)</u>	(1.43)%
Change in Net Position	587,097	(2,254,093)	2,841,190	126.05%
Beginning Net Position	<u>(99,969,974)</u>	<u>(97,715,881)</u>	<u>(2,254,093)</u>	(2.31)%
Ending Net Position	<u>(99,382,877)</u>	<u>(99,969,974)</u>	<u>587,097</u>	0.59%

Budgetary Highlights

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

**UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Budgetary Highlights (Continued)

The following tables provide a budget comparison for FY 2024 and FY 2023:

**Budget vs. Actual
FY 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	47,740,000	49,050,446	1,310,446
Non-Operating	<u>807,232</u>	<u>1,007,141</u>	<u>199,909</u>
Total Revenues	<u>48,547,232</u>	<u>50,057,587</u>	<u>1,510,355</u>
Expenses:			
Operating	35,569,774	34,888,755	681,019
Non-Operating	<u>12,977,458</u>	<u>12,941,845</u>	<u>35,613</u>
Total Expenses	<u>48,547,232</u>	<u>47,830,600</u>	<u>716,632</u>
Income before Depreciation	<u>-</u>	<u>2,226,987</u>	<u>2,226,987</u>

**Budget vs. Actual
FY 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	47,995,805	46,248,855	(1,746,950)
Non-Operating	<u>15,000</u>	<u>703,113</u>	<u>688,113</u>
Total Revenues	<u>48,010,805</u>	<u>46,951,968</u>	<u>(1,058,837)</u>
Expenses:			
Operating	43,693,765	33,810,240	9,883,525
Non-Operating	<u>4,317,040</u>	<u>12,777,615</u>	<u>(8,460,575)</u>
Total Expenses	<u>48,010,805</u>	<u>46,587,855</u>	<u>1,422,950</u>
Income before Depreciation	<u>-</u>	<u>364,113</u>	<u>364,113</u>

**UNION COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Debt Administration

At December 31, 2024, the Authority had outstanding Project bonds of \$156,985,000 (gross). The debt service schedule has a final maturity in 2041. Full details of the specific bond issues outstanding are found in Note 5 to the financial statements and the supplementary schedules.

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments. Recently, however, national delays in supply chains and inflationary factors have begun to affect the Authority's cost of providing services. The Authority is therefore anticipating an increase in the cost of providing services in the next fiscal year due to recent increases in energy, fuel, material and chemical costs.

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Executive Director of the Union County Utilities Authority, 1499 Routes 1 and 9 North, Rahway, New Jersey 07065.

Financial Statements

UNION COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>Restated 2023</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted:		
Cash and Cash Equivalents	\$ 11,715,751	\$ 10,713,624
Accounts Receivable, Net Allowance for Doubtful Accounts	6,827,457	5,853,078
Lease Payments Receivable	704,781	705,200
Prepaid Expense	31,694	-
	<u>19,279,683</u>	<u>17,271,902</u>
Total Unrestricted Assets		
Restricted:		
Unemployment Account:		
Cash and Cash Equivalents	112,611	112,611
Environmental Investment Charge Reserve Account:		
Cash and Cash Equivalents	3,370,669	3,201,990
Bond/Loan Service Account		
Cash and Cash Equivalents	1,238,035	1,469,559
Bond/Loan Reserve Account		
Cash and Cash Equivalents	4,666,367	4,644,805
Investments	18,231,072	18,157,419
Working Capital Account:		
Cash and Cash Equivalents	2,765,016	2,630,831
Project Account:		
Cash and Cash Equivalents	8,114	7,720
	<u>30,391,884</u>	<u>30,224,935</u>
Total Restricted Assets		
Total Current Assets	<u>49,671,567</u>	<u>47,496,837</u>
Capital Assets:		
Construction in Progress	164,387	-
Land - Facility	3,610,128	3,610,128
Resource Recovery Facility	240,878,951	240,878,951
Vehicles	142,474	214,450
Equipment	175,263	175,263
Furniture and Fixtures	50,227	50,227
Less: Accumulated Depreciation	(218,961,499)	(212,559,079)
	<u>26,059,931</u>	<u>32,369,940</u>
Total Capital Assets (net of accumulated depreciation)		
TOTAL ASSETS	<u>75,731,498</u>	<u>79,866,777</u>

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

UNION COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>Restated 2023</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Premiums on Debt	\$ 549,184	\$ 607,606
Deferred Outflows Related to Pensions	305,884	447,635
Deferred Outflows Related to OPEB	<u>3,467,670</u>	<u>1,912,634</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,322,738</u>	<u>2,967,875</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 3,271,124	\$ 3,506,300
Deposits Payable	167,637	187,144
Accrued Expenses	185,896	247,395
Prepaid Rent Reserve	3,447,493	3,252,352
Unearned Revenue	230,876	-
Interlocal Agreement Payable - Current Portion	<u>500,000</u>	<u>500,000</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>7,803,026</u>	<u>7,693,191</u>
Payable from Restricted Assets:		
Project Bonds Payable - Current Portion	4,990,000	4,765,000
Accrued Interest on Project Bonds	<u>555,520</u>	<u>571,133</u>
Total Current Liabilities Payable from Restricted Assets	<u>5,545,520</u>	<u>5,336,133</u>
Non-Current Liabilities		
Revenue Bonds and Loans Payable	151,995,000	156,985,000
Interlocal Agreement Payable	4,000,000	4,500,000
Net Pension Obligation	1,608,412	2,430,226
Net OPEB Obligation	<u>2,826,375</u>	<u>5,768,874</u>
Total Non-Current Liabilities	<u>160,429,787</u>	<u>169,684,100</u>
TOTAL LIABILITIES	<u>\$ 173,778,333</u>	<u>\$ 182,713,424</u>

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

UNION COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>Restated 2023</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows:		
Deferred Gains on Refunding	\$ 1,060,298	\$ 1,173,092
Deferred Inflows Related to Pensions	699,768	157,216
Deferred Inflows Related to OPEB	<u>949,324</u>	<u>3,173,797</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,709,390</u>	<u>4,504,105</u>
 NET POSITION		
Net Investment in Capital Assets	(131,436,183)	(129,945,546)
Restricted:		
Unemployment Reserve	112,611	112,611
Environmental Investment Charge Reserve	3,370,669	3,201,990
Bond / Loan Service Fund	682,515	898,426
Bond / Loan Reserve Fund	22,897,439	22,802,224
Working Capital	2,765,016	2,630,831
Project Account	8,114	7,720
Unrestricted		
Designated for Operating Reserve	1,200,000	-
Undesignated	<u>3,966,332</u>	<u>(4,091,133)</u>
TOTAL NET POSITION	<u>\$ (96,433,487)</u>	<u>\$ (104,382,877)</u>

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

UNION COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>Restated 2023</u>
Operating Revenue:		
Facility Lease Revenue	\$ 9,500,000	\$ 9,500,000
Tipping Fees - Resource Recovery	17,575,954	16,671,765
UCUA Administrative Fees	516,879	504,410
EIC Fees	5,659,838	4,938,453
Program Tipping Fees	15,574,211	14,438,094
Miscellaneous	<u>223,564</u>	<u>196,133</u>
Total Operating Revenue	<u>49,050,446</u>	<u>46,248,855</u>
Operating Expenses:		
Operating Expenses	29,695,818	28,243,849
Depreciation Expense	<u>6,474,396</u>	<u>6,474,397</u>
Total Operating Expenses	<u>36,170,214</u>	<u>34,718,246</u>
Operating Income	<u>12,880,232</u>	<u>11,530,609</u>
Non-Operating Revenue (Expenses):		
Interest Income	1,007,141	703,113
Interest Expenses	(8,137,614)	(8,345,476)
Tipping Rees Reimbursed to Towns	(2,481,019)	(2,421,069)
Tonnage Rebate - State of NJ	(164,380)	(166,374)
Rahway Host Fee	(1,864,489)	(2,328,948)
Oversite Services - County of Union	(150,000)	(150,000)
Pension Related	137,511	44,042
OPEB Related	<u>6,722,008</u>	<u>2,221,200</u>
Non-Operating Income (Loss)	<u>(4,930,842)</u>	<u>(10,443,512)</u>
Change In Net Position	7,949,390	1,087,097
Total Net Position - January 1,	<u>(104,382,877)</u>	<u>(99,969,974)</u>
Prior Period Adjustments		
Interlocal Agreement Payable	<u>-</u>	<u>(5,500,000)</u>
Net Position - January 1, As Adjusted	<u>(104,382,877)</u>	<u>(105,469,974)</u>
Total Net Position - December 31,	<u>\$ (96,433,487)</u>	<u>\$ (104,382,877)</u>

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

UNION COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>Restated 2023</u>
Cash Flows from Operating Activities:		
Cash Received from Facility Lease	\$ 9,500,000	\$ 9,500,000
Cash Received from Tipping Fees	38,352,503	35,875,762
Cash Received from Miscellaneous Sources	223,564	196,133
Cash Paid to Suppliers	(28,668,040)	(26,671,923)
Cash Paid to Employees	(1,144,359)	(1,553,700)
	<u>18,263,668</u>	<u>17,346,272</u>
Net Cash Provided by Operating Activities		
Cash Flow from Capital and Related Financing Activities:		
Bond Principal Paid	(4,765,000)	(4,545,000)
Tipping Fees Reimbursed to Towns	(2,481,019)	(2,421,069)
Tonnage Rebate - State of NJ	(164,380)	(166,374)
Rahway Host Fee	(1,864,489)	(2,328,948)
County of Union	(500,000)	(500,000)
Oversite Services - County of Union	(150,000)	(150,000)
Interest Paid on Bonds	(8,012,458)	(8,232,615)
Capital Outlay	(164,387)	
	<u>(18,101,733)</u>	<u>(18,344,006)</u>
Net Cash Used for Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Interest Received	1,007,141	703,113
Purchase (Sale) of Investments	(73,653)	(395)
	<u>933,488</u>	<u>702,718</u>
Net Cash Provided by (Used for) Investing Activities		
Net Increase/(Decrease) in Cash and Cash Equivalents	1,095,423	(295,016)
Cash and Cash Equivalents, January 1,	<u>22,781,140</u>	<u>23,076,156</u>
Cash and Cash Equivalents December, 31,	<u>\$ 23,876,563</u>	<u>22,781,140</u>
Analysis of Balance at December 31,		
Unrestricted - Cash and Cash Equivalents	11,715,751	10,713,624
Restricted - Cash and Cash Equivalents	<u>12,160,812</u>	<u>12,067,516</u>
	<u>23,876,563</u>	<u>22,781,140</u>

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

**UNION COUNTY UTILITIES AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Operating Income	\$ 12,880,232	\$ 11,530,609
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation Expense	6,474,396	6,474,397
Deferred/Prepaid Rent Reserve	195,141	184,095
Deferred Gain on Refunding	(112,794)	(117,031)
Premium Costs on Issuance of Debt	58,422	60,616
(Increase)/Decrease in Accounts Receivable	(974,379)	(676,960)
(Increase)/Decrease in Other Assets	(31,275)	
Increase/(Decrease) in Accounts Payable	(145,069)	94,344
Increase/(Decrease) in Deposits Payable	(19,507)	(218,186)
Increase/(Decrease) in Other Liabilities	(61,499)	14,388
Total Adjustments	<u>5,383,436</u>	<u>5,815,663</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 18,263,668</u>	<u>\$ 17,346,272</u>

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

Notes to Financial Statements

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1. GENERAL

The Union County Utilities Authority is a public body corporate and politic, organized and existing under the municipal and county utilities authorities law, constituting Chapter 183 of the pamphlet laws of 1957, of the State of New Jersey, as amended and supplemented and was created by virtue of an ordinance of the Board of County Commissioners of the County of Union, New Jersey finally adopted June 5, 1986, as amended December 11, 1986.

The Authority has been designated by the County of Union as the official implementation agency of the County's solid waste management plan. The Authority is empowered to plan, design, construct, acquire and operate facilities for processing, disposal or recycling of solid waste in an environmentally sound manner, throughout the County of Union, New Jersey.

As part of the solid waste management plan, the Authority has contracted with Reworld, formerly Covanta, for the construction and operation of a mass-burn, waste-to-energy, resource recovery facility. Income is primarily derived from facility lease revenue payments, tipping fees from the processing of solid waste.

Resource Recovery Facility Lease

In 1998, the Authority agreed to lease the facility and facility site to Covanta Union, Inc. (the "Company"). In 2011, the Authority amended the lease with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

Pursuant to the agreement, the Company is required to make rental payments in amounts sufficient to pay the debt service on the Resource Recovery Facility Lease Revenue Refunding Bonds and the Resource Recovery Facility Lease Revenue Bonds.

Lease revenue earned for the years ended December 31 consisted of:

	<u>2024</u>	<u>2023</u>
2011A Facility Lease	\$6,550,079	\$6,550,079
2011B Facility Lease	1,449,921	1,449,921
Lease Extension Payment	<u>1,500,000</u>	<u>1,500,000</u>
	<u>\$9,500,000</u>	<u>\$9,500,000</u>

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1. GENERAL, (continued)

In 2016, the lease was amended extending the term of the lease to 2053. Under the terms of the amended lease, the Authority and the Company have entered a revenue sharing agreement based on the actual gross revenues for the Company from 2027 to 2053.

During the period of the lease, the Company is required to pay all operating, maintenance and repair costs of the facility, except where such repairs or maintenance are a result of Authority fault.

Waste Disposal Agreement

In 1998, the Authority entered into the waste disposal agreement with Covanta of Union, Inc. (the "Company"). In 2011, the Authority amended the 1998 agreement with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

Pursuant to the waste disposal agreement, the Company is required to accept and dispose of all acceptable waste delivered to the facility by or on behalf of the Authority. In 2016, the waste disposal agreement was amended reducing the guaranteed tonnage. The Authority is required to deliver an amount of acceptable waste, at least equal to the guaranteed tonnage of 330,000 tons.

In the event the Authority fails to deliver the guaranteed tonnage amount, they are obligated to make shortfall payments to the Company; however, the Company is required to mitigate any shortfall deliveries of the solid waste on behalf of the Authority.

Local Waste Agreements

In order to satisfy its obligation under the waste disposal agreement, the Authority has entered into local waste agreements with 14 municipalities and the County of Union. These agreements require the contracting participants to deliver, or cause to be delivered, all acceptable waste generated within the geographic boundaries that is collected by the participant, or on its behalf, but in no less than the participants' guaranteed tonnage. The Authority, in turn, is required to dispose of this waste in accordance with the waste disposal agreements. The Authority has executed local waste agreements providing for delivery of acceptable waste to the facility, in an aggregate amount that is at least equal to 149,100 tons.

In the event contracting municipalities fail to deliver their guaranteed tonnage amount, they are obligated to make shortfall payments to the Authority.

In July 2003, the Authority re-established regulatory flow control over all non-contract solid waste type 10 and 25 generated in Union County to provide the delivery of an additional 70,000 tons to the facility.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1. GENERAL, (continued)

County Deficiency Agreement

In 1998, the Authority entered into the county deficiency agreement with the County of Union (the "County"). In 2011, the Authority amended the 1998 agreement with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

The agreement provides that, in the event of a shortfall in an amount necessary to pay the service charge or any other amount due the Company, the County of Union is obligated pursuant to the Limited Deficiency Agreement to make a Disposal Fee Shortfall Payment in the amount of such a shortfall.

As a Public body under existing statute, the Authority is exempt from both Federal and State Taxes.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements 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*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The financial statements of the Union County Utilities Authority have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant of the Authority's accounting policies are described below.

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

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

B. Basis of Accounting

The Union County Utilities Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

C. Reporting Entity

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

D. Risks of Loss

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

E. Grants

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

F. Inventories

This language is meant to cover items stored in supply closets or used around the facility that aren't capital assets – things like gloves, cleaning supplies or small tools.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

G. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost which includes direct construction costs and other expenditures related to construction and certain professional costs. Construction costs are aggregated by individual project and charged to construction-in-progress until such time as projects are completed and put into operation. Depreciation is determined on a straight-line basis over various economic lives, which are fixed by management.

Depreciation expense related to assets acquired through debt financing is charged to operations.

Details of capital assets as of December 31, 2024 and 2023 are as follows:

	Balance <u>12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/24</u>
Construction in Progress	\$	\$164,387	\$	\$164,387
Land	3,610,128			3,610,128
Resource Recovery Facility	240,878,951			240,878,951
Vehicles	214,450		71,976	142,474
Equipment	175,263			175,263
Furniture and Fixtures	<u>50,227</u>			<u>50,227</u>
	244,929,019	164,387	71,976	245,021,430
Less: Accumulated Depreciation	<u>(212,559,079)</u>	<u>(6,474,396)</u>		<u>(218,961,499)</u>
Total Capital Assets	<u>\$32,369,940</u>	<u>(\$6,310,009)</u>	<u>\$71,976</u>	<u>\$26,059,931</u>

	Balance <u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/23</u>
Land	\$3,610,128	\$	\$	\$3,610,128
Resource Recovery Facility	240,878,951			240,878,951
Vehicles	214,450			214,450
Equipment	175,263			175,263
Furniture and Fixtures	<u>40,026</u>	<u>10,201</u>		<u>50,227</u>
	244,918,818	10,201	0	244,929,019
Less: Accumulated Depreciation	<u>(206,084,681)</u>	<u>(6,474,398)</u>		<u>(212,559,079)</u>
Total Capital Assets	<u>\$38,834,137</u>	<u>(\$6,464,197)</u>	<u>\$0</u>	<u>\$32,369,940</u>

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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

H. Restricted Accounts

In accordance with the bond resolutions securing the 2011 Resource Recovery Facility Lease Bonds, the 1998 Solid Waste Landfill Bonds and the 2011 Solid Waste System Bonds, the Authority has established various cash and investment accounts with a trustee. In addition, the bond resolutions provide restrictions on the use of funds in the accounts.

<u>Fund</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Revenue	Operating revenues received by the Authority	Transfers to various accounts described below
Operating	Transfers from Revenue Fund	Operating Expenses
Bond Reserve Accounts	As outlined in the bond agreements	Provide additional security to bondholders
Debt Service	Amount needed for principal and interest on the Authority's bonds	Compliance with bond resolutions
General Account	Excess revenues after other accounts have required amounts by the bond resolution	For any lawful purpose of the Authority, provided certain requirements are met
Rebate Account	Funds subject to rebate to the United States Government pursuant to the Internal Revenue Code and Arbitrage Regulations	Required Rebates, as applicable
Project Account	Funds received for payment of costs of the project	Project costs
Working Capital	Transfers as needed	Service charges and disposal shortfall payments

I. Unamortized Gain on Refunded Debt

Gains on refunded debt are being amortized over the remaining life of the issues.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

J. Operating Fund Budget

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

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position, and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions include depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results may differ from those estimates.

The Authority uses a probability threshold as a basis to determine if the recognition criteria is met to recognize a liability for compensated absences in accordance with GASB Statement No. 101. The Authority estimates probability of 100% that compensated absences are more likely than not to be used for time off or otherwise paid in cash or settles through noncash means. Actual results could differ from those estimates.

L. Risk of Loss

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

M. Sick and Vacation Leave

The Authority's policies regarding sick time permit employees to accumulate earned but unused sick leave. The proprietary fund reports the liability as it is incurred.

N. Net Position

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

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

O. Recent Accounting Pronouncements

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. The Authority is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

In September 2024, the Government Accounting Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

P. Revenues and Expenses

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

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

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

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

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

As of December 31, 2024 and 2023, the Authority's cash and cash equivalents are summarized as follows:

	<u>2024</u>	<u>2023</u>
Unrestricted	\$11,715,751	\$10,713,624
Restricted	<u>12,160,812</u>	<u>12,067,516</u>
	<u>\$23,876,563</u>	<u>\$22,781,140</u>

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3. CASH AND CASH EQUIVALENTS, (continued)

The carrying amount of the Authority's cash and cash equivalents at December 31, 2024 was \$23,876,563 and the bank balance was \$24,501,194. This entire amount was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey Statutes.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Authority's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2024, \$-0- of the Authority's bank balance of \$24,501,194 was exposed to custodial risk.

NOTE 4. INVESTMENTS

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

- a. Bonds or other obligations of the United States of America or obligation guaranteed by the United States of America, including securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the "Investment Company Act of 1940, 54 Stat. 847 (16 U.S.C. 80a-1 et seq.), purchase and redeemed only through the use of National or State banks located within this State, if the portfolio of that investment company or investment trust is limited to bonds or other obligations of the United States of America, bonds or other obligations guaranteed by the United States of America and repurchase agreements fully collateralized by bonds or other obligations guaranteed by the United States of America, which collateral shall be delivered to or held by the investment company or investment trust, either directly or through an authorized custodian;
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase.
- c. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part of within which the school district is located;
- d. Bonds or other obligations, having a maturity date not more than 12 months from the date of purchase, approved by the Division of Investment of the Department of the Department of Treasury for investment by local units.

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 4. INVESTMENTS, (continued)

N.J.S.A. 52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public moneys of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depositor for public moneys.

At December 31, investments of the Authority at market value consisted of the following:

	<u>2024</u>	<u>2023</u>
U.S. Government Agency Bonds and Obligations	<u>\$18,231,072</u>	<u>\$18,157,419</u>

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2024, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balances was exposed to custodial credit risk.

Based upon the limitation set forth by New Jersey Statutes and existing investment practices, the Authority is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

The fair-value hierarchy of inputs the Authority uses to value an asset or liability. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices for identical instruments in active markets. Assets utilizing Level 1 inputs are marketable securities and other investments that are actively traded and provide the basis for fair value measurement.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly. Currently, the Authority does not have any Level 2 financial instrument inputs.

Level 3 – Significant inputs to the valuation model are unobservable. Currently, the Authority does not have any Level 3 financial instrument inputs.

NOTE 5. BONDS AND NOTES PAYABLE

In 1998, the Authority issued \$323,727,990 of Solid Waste Bonds to provide funds to retire the 1991 Solid Waste System Bonds and to finance the restructuring of the Solid Waste System.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5. BONDS AND NOTES PAYABLE, (continued)

In 2011, the Authority issued \$228,985,000 of Solid Waste and System Bonds to provide funds to retire the 1998 Lease Revenue and County Deficiency Bonds. Principal payments due on the bonds for the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$4,990,000	\$7,825,107	\$12,815,107
2026	4,830,000	7,549,220	12,379,220
2027	6,770,000	7,308,900	14,078,900
2028	7,060,000	6,985,175	14,045,175
2029	7,350,000	6,647,350	13,997,350
Thereafter	<u>125,985,000</u>	<u>21,290,100</u>	<u>147,275,100</u>
	<u>\$156,985,000</u>	<u>\$57,605,852</u>	<u>\$214,590,852</u>
Current Portion	\$4,990,000	\$7,825,107	\$12,815,107
Long-Term Portion	<u>151,995,000</u>	<u>49,780,745</u>	<u>201,775,745</u>
	<u>\$156,985,000</u>	<u>\$57,605,852</u>	<u>\$214,590,852</u>

NOTE 6. ADVANCE REFUNDINGS - 1998 AND 2011

In 1998, the Authority issued \$323,727,990 of Solid Waste Bonds for the purpose of advance refunding a portion of the 1991 bonds. The proceeds of this issue were to establish an Irrevocable Escrow Account to pay the principal and interest on the 1991 bonds as they become due.

The portions of the 1991 bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

In 2011, The Authority issued \$228,985,000 of Solid Waste Bonds for the purpose of advance refunding a portion of the 1998 bonds. The proceeds of this issue were to establish an Irrevocable Escrow Account to pay the principal and interest on the 1998 bonds as they become due.

The portions of the 1998 bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

NOTE 7. PENSION PLAN

Description of Plans:

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

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLAN, (continued)

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

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

Defined Contribution Retirement Program

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

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLAN, (continued)

Defined Contribution Retirement Program, (continued)

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 7.5% for PERS. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

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

<u>Three Year Trend Information for PERS</u>		
<u>Year</u>	<u>Annual</u>	<u>Percentage</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>
	<u>Cost (APC)</u>	<u>Contributed</u>
12/31/24	\$161,070	100%
12/31/23	224,246	100%
12/31/22	211,354	100%

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

Public Employees Retirement System (PERS)

At December 31, 2024 and 2023, the Authority reported a liability of \$1,608,412 and \$2,430,226 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2024, the Authority's proportion was 0.01183696 percent, which was a decrease of 0.00494129 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Authority recognized pension expense of \$(137,515). At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2024</u>	<u>2023</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$1,998	\$5,339
Net difference between projected and actual earnings on pension plan investments	32,219	34,428
Changes in proportion and differences between Authority contributions and proportionate share of contributions	225,167	361,368
Authority contributions subsequent to the measurement date	<u>46,500</u>	<u>46,500</u>
Total	<u>\$305,884</u>	<u>\$447,635</u>

	<u>2024</u>	<u>2023</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$620,908	\$147,282
Net difference between projected and actual earnings on pension plan investments	<u>78,860</u>	<u>9,934</u>
Total	<u>\$699,768</u>	<u>\$157,216</u>

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

The \$46,500 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the fiscal year ending December 31, 2024, the plan measurement date is June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
2024	\$	\$(128,307)
2025	(68,289)	(71,616)
2026	52,840	100,078
2027	(30,400)	(17,910)
2028	(17,550)	305
2029	457	

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.08, 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57 and 5.72 years for 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2024 and June 30, 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	\$1,079,580,780	\$1,080,204,730
Collective deferred inflows of resources	1,611,322,898	1,780,216,457
Collective net pension liability	13,702,423,985	14,606,489,066
Authority's Proportion	0.01183696%	0.0167601865%

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00 %

Mortality Rates

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
Intentional Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.22%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$2,155,174	\$1,608,412	\$1,168,181
	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$3,190,308	\$2,430,226	\$1,821,222

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits described in Note 7, the Authority provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost. On January 1, 2024, the Authority adopted the provisions of N.J.S.A. 52:14-17.38 and adhered to the rules and regulations promulgated by the State Health Benefits Commission to implement the provisions of that law. This resolution affects employees as shown in Chapter 48, P.L. 1999. It is effective on the 1st day of January, 2024.

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

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

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

General Information about the OPEB Plan

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (continued)

General Information about the OPEB Plan

of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (continued)

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

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

Total OPEB Liability

At December 31, 2024 and 2023, the Authority had a liability of \$2,826,375, and \$5,768,874 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability for 2024 was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2024 the Authority's proportion was 0.015785 percent.

For the year ended June 30, 2024, the Authority recognized OPEB expense of \$380,998. At December 31, 2024 and 2023, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>	<u>2023</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$472,516	\$
Change in Proportions	2,852,018	-
Net difference between projected and actual earnings on pension plan investments	<u>143,136</u>	<u>1,912,634</u>
Total	<u>\$3,467,670</u>	<u>\$1,912,634</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$469,160	\$
Net difference between projected and actual earnings on pension plan investments	<u>480,164</u>	<u>3,173,797</u>
Total	<u>\$949,324</u>	<u>\$3,173,797</u>

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (continued)

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

	<u>2024</u>
Year ended June 30:	
2025	\$(177,420)
2026	(76,384)
2027	(13,126)
2028	(69,980)
2029	(44,584)
Thereafter	47,822

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.89, 7.89, 7.82, 7.82, 7.87, 8.05 and 8.14 years for 2024, 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (continued)

Salary increases*:

Public Employees' Retirement System (PERS)

Rate for all future years

2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years

3.25% to 16.25% based on years of service

Mortality:

PERS

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

PFRS

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

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

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

Discount Rate

The discount rate for June 30, 2024 and 2023 was 3.93% and 4.05%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS, (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	June 30, 2024		
	1% Decrease <u>2.93%</u>	At Current Discount Rate <u>3.93%</u>	1% Increase <u>4.93%</u>
Authority's proportionate share of Net OPEB liability	\$3,292,422	\$2,826,375	\$2,453,112

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

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

	June 30, 2024		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate <u>Trend Rate</u>	1% <u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$2,390,536	\$2,826,375	\$3,386,741

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9. INTERLOCAL AGREEMENT PAYABLE

In 2011, the UCUA and Covanta amended their existing Facility Lease Agreement and Waste Disposal Agreement to deliver additional tons of processible waste which allowed the UCUA to generate additional revenue annually. As a result, the UCUA entered into an interlocal agreement with Union County to transfer funds from additional revenues after ensuring that the UCUA's financial situation is on sound footing each year. As of December 31, 2024 and 2023, the Authority reported \$4,000,000 and \$4,500,000 of an interlocal agreement payable.

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Authority permits employees to accrue a limited amount of unused vacations and sick pay, which may be paid upon retirement or death at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$66,640 and \$48,269 at December 31, 2024 and 2023, respectively.

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December, 31, 2024, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

NOTE 12. RISK MANAGEMENT

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund (JIF).

The Fund was created on September 15, 1991, in accordance with P.L. 1983, C.372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes." The Fund is both an insured and self-administered group of utility authorities establishes for the purpose of providing low cost insurance coverage and safety programs for the member utility authorities in order to keep insurance premiums, claims and administrative costs at a minimum.

The following coverages are offered by the Fund to its members:

- a. Worker's Compensation and Employer's Liability
- b. Liability other than Motor Vehicles
- c. Property Damage other than Motor Vehicles
- d. Motor Vehicle
- e. Environmental Liability

The Joint Insurance Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for worker's compensation and employer's liability.

**UNION COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13. UNRESTRICTED NET ASSETS

At December 31, 2024 and 2023, the Authority reported a total amount of \$3,966,332 and \$(4,091,133) as restated, respectively, of Unrestricted Net Position - Undesignated for the purposes described below:

	<u>2024</u>	<u>2023</u>
OPEB Related	(\$308,029)	(\$7,030,037)
Pension Related	(2,002,296)	(2,139,807)
Available for Use in Future Budgets	<u>6,276,657</u>	<u>5,078,711</u>
	<u>\$3,966,332</u>	<u>(\$4,091,133)</u>

NOTE 14. SUBSEQUENT EVENTS

The Union County Utilities Authority has evaluated subsequent events through October 15, 2025, the date which the financial statements were available to be issued and no items were noted for disclosure.

NOTE 15. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

In 2024, the Authority added certain liabilities as follows:

	Balance Dec. 31, 2023 as Previously <u>Reported</u>	Retroactive Adjustments	Balance Dec. 31, 2023 as Restated
Liabilities:			
Interlocal Agreement Payable	\$ -	\$5,000,000	\$5,000,000
Net Position:			
Unrestricted	908,867	(5,000,000)	(4,091,133)

Required Supplementary Information - Part II

UNION COUNTY UTILITIES AUTHORITY

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Public Employees Retirement System Last Ten Years

Fiscal Year Ending June 30,	Authority's Proportion Share of the Net Pension Liability (Asset)	Authority's		Authority's		Authority's Proportion Share of the Net Pension Liability (Asset) as a Percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		Proportionate Share of the Net Pension Liability (Asset)		Covered Employee Payroll			
2015	0.0117751838%	\$ 2,643,293	\$	765,366	345.36%	47.93%	
2016	0.0110446396%	\$ 3,271,105	\$	837,771	390.45%	40.14%	
2017	0.0123238167%	\$ 2,868,788	\$	899,422	318.96%	48.10%	
2018	0.0132253000%	\$ 2,603,996	\$	956,554	272.23%	53.60%	
2019	0.0133459725%	\$ 2,404,742	\$	987,239	243.58%	56.27%	
2020	0.0134983371%	\$ 2,201,226	\$	1,059,164	207.83%	58.32%	
2021	0.0144949747%	\$ 1,717,147	\$	1,208,962	142.03%	42.18%	
2022	0.0167601865%	\$ 2,529,343	\$	1,216,951	207.84%	46.41%	
2023	0.0167782586%	\$ 2,430,226	\$	802,244	302.93%	54.80%	
2024	0.0118369646%	\$ 1,608,412	\$	573,550	280.43%	68.22%	

UNION COUNTY UTILITIES AUTHORITY

Schedule of the Authority's Contributions

Public Employees Retirement System Last Ten Years

Fiscal Year Ending <u>June 30,</u>	Contributions in Relation to the		Contribution Deficiency (Excess)	Contributions as a Percentage of	
	Contractually Required <u>Contribution</u>	Contractually Required <u>Contribution</u>		Authority's Covered <u>Employee Payroll</u>	Employee Payroll
2015	\$ 101,235	\$ 101,235	\$ -	\$ 765,366	13.23%
2016	\$ 98,119	\$ 98,119	\$ -	\$ 837,771	11.71%
2017	\$ 114,167	\$ 114,167	\$ -	\$ 899,422	12.69%
2018	\$ 131,549	\$ 131,549	\$ -	\$ 956,554	13.75%
2019	\$ 129,817	\$ 129,817	\$ -	\$ 987,239	13.15%
2020	\$ 147,665	\$ 147,665	\$ -	\$ 1,059,164	13.94%
2021	\$ 169,753	\$ 169,753	\$ -	\$ 1,208,962	14.04%
2022	\$ 211,354	\$ 211,354	\$ -	\$ 1,216,951	17.37%
2023	\$ 224,226	\$ 224,226	\$ -	\$ 802,244	27.95%
2024	\$ 161,070	\$ 161,070	\$ -	\$ 573,550	28.08%

SCHEDULE RSI-3

**UNION COUNTY UTILITIES AUTHORITY
Notes to Required Supplementary Information
For the Year ended December 31, 2024**

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of actuarially determined contributions for the local employers.

UNION COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of Changes in the Authority's Proportionate
Share of the State OPEB Liability
*Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	86,042	193,054	300,596	N/A	N/A	N/A	N/A	N/A
Interest	87,520	143,041	216,085	N/A	N/A	N/A	N/A	N/A
Changes of Assumptions	274,026	(2,283,366)	1,318,364	N/A	N/A	N/A	N/A	N/A
Difference Between Expected and Actual Experience	64,480	-	(4,760,695)	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(87,980)	(115,610)	(106,205)	N/A	N/A	N/A	N/A	N/A
Contributions - Members	10,159	-	-	N/A	N/A	N/A	N/A	N/A
Change in Allocation	(3,418,554)	-	-	N/A	N/A	N/A	N/A	N/A
Changes in Benefit Terms	16,996	-	-	N/A	N/A	N/A	N/A	N/A
Net Change in Total OPEB Liability	(2,967,311)	(2,062,881)	(3,031,855)	-	-	-	-	-
Total OPEB Liability - Beginning	5,768,874	7,831,755	10,863,610					
Total OPEB Liability - Ending	2,801,563	5,768,874	7,831,755					
Plan Fiduciary Net Position:								
Contributions - Employer	63,051	-	-	N/A	N/A	N/A	N/A	N/A
Contributions - Non-Employer Contribution Entities	9,917	-	-	N/A	N/A	N/A	N/A	N/A
Contributions - Members	10,159	-	-	N/A	N/A	N/A	N/A	N/A
Net Investment Income	258	-	-	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(87,980)	-	-	N/A	N/A	N/A	N/A	N/A
Administrative Expenses	(1,756)	-	-	N/A	N/A	N/A	N/A	N/A
Change in Allocation	(18,461)	-	-	N/A	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	(24,812)	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	(24,812)	-	-	-	-	-	-	-
Authority's Net OPEB Liability	2,826,375	5,768,874	7,831,755					

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

UNION COUNTY UTILITIES AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's Share of Net OPEB Liability
*Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	0.06735100%	0.07344700%	0.06682100%	0.06916200%	0.06909800%	0.06348900%	0.06372900%	0.06386000%
Authority's proportionate share of the net OPEB liability (asset)	\$ 12,059,497	\$ 11,021,853	\$ 10,791,321	\$ 12,449,009	\$ 12,400,751	\$ 8,600,265	\$ 9,984,179	\$ 13,037,523
Authority's covered payroll	\$ 3,100,559	\$ 3,155,689	\$ 3,666,910	\$ 3,757,876	\$ 3,734,641	\$ 3,797,896	\$ 3,902,085	\$ 3,788,401
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	388.95%	349.27%	294.29%	331.28%	332.05%	226.45%	255.87%	344.14%

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

UNION COUNTY UTILITIES AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's OPEB Contributions
*Last Ten Fiscal Years**

	2024	2023	2022	2021	2020	2019
Contractually required contribution	N/A	N/A	\$ 45,128	\$ 42,122	\$ 20,292	\$ 38,612
Contributions in relation to the contractually required contribution	N/A	N/A	\$ 45,128	\$ 42,122	\$ 20,292	\$ 38,612
Contribution deficiency (excess)			\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 3,100,559	\$ 3,155,689	\$ 3,666,910	\$ 3,757,876	\$ 1,059,164	\$ 987,239
Contributions as a percentage of covered payroll	N/A	N/A	1.23%	1.12%	1.92%	3.91%

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

SCHEDULE RSI-7

**UNION COUNTY UTILITIES AUTHORITY
Notes to Required Supplementary Information
For the Year ended December 31, 2024**

Union County Post-Retirement Healthcare Plan

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.05% to 3.93% as of December 31, 2024.

Supplementary Schedules

UNION COUNTY UTILITIES AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR YEAR ENDED DECEMBER 31, 2024

	Net Investment in Capital Assets	Unemployment Reserve	Environmental Invest. Charge Reserve	Restricted			Working Capital Reserve	Project Fund Reserve	Unrestricted		Total
				Bond / Loan Service Reserve	Bond / Loan Reserve				Designated	Undesignated	
Operating Revenue:											
Facility Lease Revenue										9,500,000	9,500,000
Tipping Fees - Resource Recovery										17,575,954	17,575,954
UCUA Administrative Fees										516,879	516,879
EIC Fees										5,659,838	5,659,838
Program Tipping Fees										15,574,211	15,574,211
Miscellaneous										223,564	223,564
Total Operating Revenue	-	-	-	-	-	-	-	-	-	49,050,446	49,050,446
Operating Expense:											
Operating Expenses	6,474,396									29,695,818	29,695,818
Depreciation											6,474,396
Total Operating Expense	6,474,396	-	-	-	-	-	-	-	-	29,695,818	36,170,214
Operating Income	(6,474,396)	-	-	-	-	-	-	-	-	19,354,628	12,880,232
Non-Operating Revenue (Expense):											
Interest Income										1,007,141	1,007,141
Interest Expenses / Amortization	54,372									(8,137,614)	(8,137,614)
Tipping Rees Reimbursed to Towns										(2,481,019)	(2,481,019)
Tonnage Rebate - State of NJ										(164,380)	(164,380)
Railway Host Fee										(1,864,489)	(1,864,489)
Interlocal Agreement - County of Union										(150,000)	(150,000)
Oversite Services - County of Union										137,511	137,511
Pension Related										6,722,008	6,722,008
OPEB Related											
	54,372	-	-	-	-	-	-	-	-	(4,985,214)	(4,930,842)
Net Income (Loss) Before Transfers	(6,420,024)	-	-	-	-	-	-	-	-	14,369,414	7,949,390
Transfers:											
Capital Expenditures	164,387									(164,387)	-
Bond Principal Payments	4,765,000									(4,765,000)	-
Other Transfers			168,679	(215,911)	95,215		134,185	394	1,200,000	(1,382,562)	-
Increase/(Decrease) in Net Position	(1,490,637)	-	168,679	(215,911)	95,215	-	134,185	394	1,200,000	8,057,465	7,949,390
Net Position - January 1, 2024	(129,945,546)	112,611	3,201,990	898,426	22,802,224	2,630,831	7,720	-	-	(4,091,133)	(104,382,877)
Net Position - December 31, 2024	(131,436,183)	112,611	3,370,669	682,515	22,897,439	2,765,016	8,114	-	1,200,000	3,966,332	(96,433,487)

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted Accounts	Restricted Accounts	Total
Cash, Cash Equivalents and Investments - January 1, 2024	10,713,624	30,224,935	40,938,559
Cash Receipts:			
Interest on Investments	1,007,141		1,007,141
Facility Lease	9,500,000		9,500,000
Tipping Fees	38,352,503		38,352,503
Miscellaneous	223,564		223,564
Transfers		12,944,407	12,944,407
Total Cash Receipts	49,083,208	12,944,407	62,027,615
Cash and Investments Available	59,796,832	43,169,342	102,966,174
Cash Disbursements:			
Operations	34,972,287		34,972,287
Debt Service Payments		12,777,458	12,777,458
Capital Outlay	164,387		164,387
Transfers	12,944,407		12,944,407
Total Cash Disbursements	48,081,081	12,777,458	60,858,539
Cash, Cash Equivalents and Investments - December 31, 2024	11,715,751	30,391,884	42,107,635
Analysis of Balance:			
Cash and Cash Equivalents	11,715,751	12,160,812	23,876,563
Investments	-	18,231,072	18,231,072
	11,715,751	30,391,884	42,107,635

**UNION COUNTY UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024**

	FY 2024 Adopted Budget	FY 2024 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
Revenues					
Operating Revenues:					
Facility Lease Revenue	9,500,000	9,500,000	9,500,000	-	9,500,000
Tipping Fees - Resource Recovery	17,112,000	17,512,000	17,575,954	63,954	16,671,765
UCUA Administrative Fees	503,000	518,000	516,879	(1,121)	504,410
EIC Fees	8,818,600	5,006,000	5,659,838	653,838	4,938,453
Program Tipping Fees	10,007,000	15,049,000	15,574,211	525,211	14,438,094
Miscellaneous	155,000	155,000	223,564	68,564	196,133
Non-Operating Revenues:					
Debt Service Reserves	462,400	462,400	-	(462,400)	-
Interest on Investments	344,832	344,832	1,007,141	662,309	703,113
Total Revenues	46,902,832	48,547,232	50,057,587	1,510,355	46,951,968
Expenses					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	810,000	810,000	774,679	35,321	1,003,179
Fringe Benefits	609,774	375,000	369,680	5,320	550,521
Other Expenses:					
Accounting Services	40,000	40,000	38,000	2,000	38,000
ADP Processing Fees	17,000	17,000	10,174	6,826	14,557
Advertising	3,000	3,000	1,821	1,179	1,665
Auto Gas, Repairs and Maintenance	15,000	15,000	15,188	(188)	39,173
Trustee Fees	6,000	6,000	6,000	-	6,000
Bank Fees	1,500	2,500	761	1,739	-
Computer Consulting Fees	105,000	105,000	80,441	24,559	94,234
County Oversight Services	150,000	150,000	150,000	-	150,000
Dues and Subscriptions	7,000	7,000	6,266	734	6,636
Financial Consultant	150,000	150,000	136,730	13,270	99,851
Rahway Host Community Fee	1,850,000	1,850,000	1,864,489	(14,489)	2,328,948
Legal Services	425,000	425,000	201,303	223,697	158,323
Engineering	100,000	100,000	65,920	34,080	73,106
Insurance - General Liability	51,000	80,000	79,432	568	24,211
Insurance Consultant	11,000	11,000	-	11,000	500
Miscellaneous Office Expense	12,000	12,000	9,548	2,452	19,242
Office Equipment, Copiers and Pagers	12,500	17,500	3,333	14,167	8,009
Office, Park and Property Maintenance	25,000	45,000	33,669	11,331	19,480
Pension Assessment (PERS)	-	234,774	230,351	4,423	217,208
Permits and Fees	-	210,000	204,513	5,487	88,501
Postage and Delivery	12,000	12,000	8,524	3,476	7,879
Printing and Office Supplies	8,500	8,500	12,016	(3,516)	4,286
Public Relations	1,000	1,000	-	1,000	-
Safety and First Aid Equipment	1,000	1,000	-	1,000	-
Service Fee - Covanta (Contract Customers)	10,005,000	10,655,000	10,607,991	47,009	9,740,533
Service Fee - Covanta - Program Waste (Type 10	16,370,000	16,920,000	16,803,163	116,837	15,917,655
Service Fee - Covanta - Shortfall Tons, net (Type	189,000	88,000	-	88,000	76,030
Tipping Fee Reimbursement to Towns	2,415,600	2,496,000	2,481,019	14,981	2,421,069
Tonnage Rebate (\$3/Ton)	180,000	180,000	164,380	15,620	166,374
Interlocal Agreement - County of Union	500,000	500,000	500,000	-	500,000
Telephone	13,500	13,500	7,751	5,749	9,899
Utilities	14,000	14,000	7,594	6,406	9,488
Travel, Seminars and Conferences	4,000	4,000	5,366	(1,366)	3,198
Uniforms and Equipment	9,000	9,000	6,860	2,140	10,526
UCUA Meetings	2,000	2,000	1,793	207	1,959
	34,125,374	35,569,774	34,888,755	681,019	33,810,240
Total Operating Appropriations	34,125,374	35,569,774	34,888,755	681,019	33,810,240

UNION COUNTY UTILITIES AUTHORITY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED
BY OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024

	FY 2024 Adopted Budget	FY 2024 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
Non-Operating Appropriations:					
Debt Service					
Principal Payments on Debt	4,765,000	4,765,000	4,765,000	-	4,545,000
Interest Payments on Debt	8,012,458	8,012,458	8,012,458	-	8,232,615
Capital Outlay	-	200,000	164,387	35,613	-
Total Non-Operating Appropriations	<u>12,777,458</u>	<u>12,977,458</u>	<u>12,941,845</u>	<u>35,613</u>	<u>12,777,615</u>
Total Appropriations	<u>46,902,832</u>	<u>48,547,232</u>	<u>47,830,600</u>	<u>716,632</u>	<u>46,587,855</u>
Excess (Deficit) of Revenues Over Expenses	-	-	2,226,987		364,113
Reconciliation of Budgetary Basis to GAAP:					
Increases to Budgetary Income:					
Principal Paid on Debt			4,765,000		4,545,000
Accrued Interest Payable - Net			15,613		14,819
Interest Expense - Deferred Gain on Refunding			112,794		117,031
Accrued Expense - Pension Related			33,049		44,042
Pension Adjustment			137,511		-
OPEB Adjustment			6,722,008		2,221,200
Capital Outlay			164,387		-
Interlocal Agreement - County of Union			500,000		500,000
Decreases to Budgetary Income:					
Interest Expense - Original Issue Discount/Premium			(58,422)		(60,616)
Interest Expense - Prepaid Rents			(195,141)		(184,095)
Accrued Expense - OPEB Related					-
Depreciation			(6,474,396)		(6,474,397)
Change in Net Position			<u>7,949,390</u>		<u>1,087,097</u>

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

The following officials were in office at December 31, 2024:

<u>Name</u>	<u>Office</u>
Ray Szpond	Chairperson
Laura Scutari	Vice Chairperson
Roy Eastman	Treasurer
Margaret McManus	Secretary
Manual Figueiredo	Commissioner
Edward Jackus	Commissioner
Edward Kahn	Commissioner
Kyle Holder	Commissioner
Robert Rachlin	Commissioner
Ronlard Scot Bey	Alternate Commissioner
Carlos Alma	Alternate Commissioner
Linda Stender	Executive Director
Weber Dowd Law, LLC	Legal Counsel
Wielkotsz & Company, LLC	Auditors

Government Auditing Standards Report



WIELKOTZ & COMPANY^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Chairman and Members
Union County Utilities Authority
Rahway, New Jersey 07065

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Union County Utilities Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2025.

Internal Control Over Financial Reporting

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

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

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

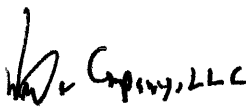
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Purpose of this Report

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


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

October 15, 2025

UNION COUNTY UTILITIES AUTHORITY

GENERAL COMMENTS

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

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

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

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

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

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

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

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

UNION COUNTY UTILITIES AUTHORITY

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

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

Respectfully submitted,



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