THE CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF
THE BOROUGH OF CARLSTADT)
REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

THE CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)

CONTENTS

THE CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)

CONTENTS, (continued)

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Carlstadt Sewerage Authority
429 Hackensack Street
Carlstadt, NJ 07072

Report on the Financial Statements

Unmodified Opinion

We have audited the accompanying statements of net position of the Carlstadt Sewerage Authority as of December 31, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position and cash flow for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Unmodified 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 Carlstadt Sewerage Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility 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 Carlstadt Sewerage 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 Carlstadt Sewerage 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 Carlstadt Sewerage Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of the Authority's proportionate share of the net pension liability, 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 comprises the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

The accompanying supplemental schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accompanying supplementary information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2025 on our consideration of the Carlstadt Sewerage Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Carlstadt Sewerage Authority's internal control over financial reporting and compliance.

Very truly yours,

Wielkotz & Company, LLC

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

July 10, 2025

W&CO

Required Supplementary Information - Part I

Management Discussion and Analysis

THE CARLSTADT SEWERAGE AUTHORITY
COUNTY OF BERGEN, STATE OF NEW JERSEY
(A Component Unit of the Borough of Carlstadt)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Carlstadt Sewerage Authority (a Component Unit of the Borough of Carlstadt) (the "Authority"), we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal years ended December 31, 2024 and 2023. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Overview of the Financial Statements

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority.

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. 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 a basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

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

Financial Highlights

The following data highlights the Authority's finances for the year ended December 31, 2024:

– Total Net Position increased:	$409,255	or	17.79%
– Cash and Investment increased:	215,421	or	10.54%
– Net Property, Plant & Equipment increased:	11,980	or	1.63%
– Operating Revenues increased:	113,037	or	7.02%
– Operating Expenses increased:	55,448	or	4.06%
– Operating Income increased:	57,589	or	23.65%

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 years activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in net position. The reader can think of the Authority's net position – the difference between assets and deferred outflows and 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.

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 was $2,709,138. This is a $409,255 increase over last year's net position of $2,299,883. A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position

	Dec. 31, 2024	Dec. 31, 2023	Dollar Change	Percent Change
Unrestricted Assets	2,319,270	2,027,682	291,588	14.38
Restricted Assets	33,867	30,544	3,323	10.88
Net Property, Plant & Equipment	745,881	733,901	11,980	1.63
Total Assets	3,099,018	2,792,127	306,891	10.99
Deferred Outflows of Resources	5,975	7,218	(1,243)	(17.22)
Current Liabilities	78,386	96,055	(17,669)	(18.39)
Non-Current Liabilities	183,971	253,420	(69,449)	(27.40)
Total Liabilities	262,357	349,475	(87,118)	(24.93)
Deferred Inflows of Resources	133,498	149,987	(16,489)	(10.99)
Net Investment in Capital Assets	745,881	733,901	11,980	1.63
Restricted	2,585	2,367	218	9.21
Unrestricted	1,960,672	1,563,615	397,057	25.39
Total Net Position	2,709,138	2,299,883	409,255	17.79

Net Position (Continued)

A summary of the Authority's prior year statement of net position is presented with comparative FY 2023 balances in the following table:

Condensed Statement of Net Position

	Dec. 31, 2023	Dec. 31, 2022	Dollar Change	Percent Change
Unrestricted Assets	2,027,682	1,748,746	278,936	15.95
Restricted Assets	30,544	20,888	9,656	46.23
Net Property, Plant & Equipment	733,901	758,563	(24,662)	(3.25)
Total Assets	2,792,127	2,528,197	263,930	10.44
Deferred Outflows of Resources	7,218	25,097	(17,879)	(71.24)
Current Liabilities	96,055	70,234	25,821	36.76
Non-Current Liabilities	253,420	294,432	(41,012)	(13.93)
Total Liabilities	349,475	364,666	(15,191)	(4.17)
Deferred Inflows of Resources	149,987	209,555	(59,568)	(28.43)
Net Investment in Capital Assets	733,901	758,563	(24,662)	(3.25)
Restricted	2,367	1,917	450	23.47
Unrestricted	1,563,615	1,218,593	345,022	28.31
Total Net position	2,299,883	1,979,073	320,810	16.21

Net Position (Continued)

While the *Statement of Net Position* shows the change in financial position of nets assets, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes. As can be seen in the following table, net position increased by $409,255.

Condensed Statement of Revenues, Expenses And Changes in Net Position

	Dec. 31, 2024	Dec. 31, 2023	Dollar Change	Percent Change
Operating Revenues				
User Charges	1,711,678	1,454,767	256,911	17.66
Other Income	10,635	154,509	(143,874)	(93.12)
Total Revenues	1,722,313	1,609,276	113,037	7.02
Operating Expenses				
Cost of Providing Services	1,078,001	998,378	79,623	7.98
General and Administrative	317,792	342,745	(24,953)	(7.28)
Depreciation Expenses	25,440	24,662	778	3.15
Total Operating Expenses	1,421,233	1,365,785	55,448	4.06
Operating Income/(Loss)	301,080	243,491	57,589	23.65
Non-operating Revenues and (Expenses)				
Interest Income	107,957	76,869	31,088	40.44
Unemployment Insurance Claims – Net	218	450	(232)	(51.56)
Total Non-operating Income (Loss)	108,175	77,319	30,856	39.91
Change in Net Position	409,255	320,810	88,445	27.57

The Authority's Operating Revenues increased by $113,037 to $1,722,313 in 2024 from $1,609,276 in 2023 primarily due to an increase in consumer usage. Operating income increased by $57,589 to $301,080 from $243,491 mainly due to an increase in consumer usage.

Net Position (Continued)

Condensed Statement of Revenues, Expenses And Changes in Net Position

	Dec. 31, 2023	Dec. 31, 2022	Dollar Change	Percent Change
Operating Revenues				
User Charges	1,454,767	1,273,456	181,311	14.24
Other Income	154,509	164	154,345	94,112.80
Total Revenues	1,609,276	1,273,620	335,656	26.35
Operating Expenses:				
Cost of Providing Services	998,378	885,743	112,635	12.72
General and Administrative	342,745	302,769	39,976	13.20
Depreciation Expenses	24,662	24,661	1	0.00
Total Operating Expenses	1,365,785	1,213,173	152,612	12.58
Operating Income/(Loss)	243,491	60,447	183,044	302.82
Non-operating Revenues and (Expenses)				
Interest Income	76,869	14,902	61,967	415.83
Unemployment Insurance Claims – Net	450	396	54	13.64
Total Non-operating Income (Loss)	77,319	15,298	62,021	405.42
Change in Net Position	320,810	75,745	245,065	323.54

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.

The following tables provides a FY 2024 and FY 2023 budget comparison:

Budget vs. Actual
FY 2024

	Budget	Actual	Variance
Revenues:			
Operating	$1,562,571	$1,722,313	$159,742
Non-Operating	55,236	108,175	52,939
	1,617,807	1,830,488	212,681
Expenses:			
Operating	1,525,004	1,480,488	44,516
	1,525,004	1,480,488	44,516
Income Before Depreciation and Capital Contributions	$92,803	$350,000	$257,197

Budget vs. Actual
FY 2023

	Budget	Actual	Variance
Revenues:			
Operating	$1,351,724	$1,609,276	$257,552
Non-Operating	4,700	77,319	72,619
	1,356,424	1,686,595	330,171
Expenses:			
Operating	1,356,424	1,423,824	(67,400)
	1,356,424	1,423,824	(67,400)
Income Before Depreciation and Capital Contributions	$ 0	$262,771	$262,771

THE CARLSTADT SEWERAGE AUTHORITY
COUNTY OF BERGEN, STATE OF NEW JERSEY
(A Component Unit of the Borough of Carlstadt)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority, in fulfilling its mission to provide facilities for the disposal of sewage and other wastes within the Borough of Carlstadt, and has invested its resources in pump stations, mains & inceptors, infrastructure and other necessary equipment.

The following table summarizes the changes in capital assets for the years ended December 31, 2024 and 2023:

Capital Assets

	FY 2024	FY 2023	Dollar Change
Land	$255,255	$255,255	$ -0-
Main and Inceptors	4,222,161	4,222,161	-0-
Pump Stations	1,324,637	1,324,637	-0-
Machinery and Equipment	272,778	235,358	37,420
Computer Equipment	30,105	30,105	-0-
	6,104,936	6,067,516	37,420
Less: Accumulated Depreciation and Amortization	(5,359,055)	(5,333,615)	(25,440)
Total Capital Assets	$745,881	$733,901	$11,980

	FY 2023	FY 2022	Dollar Change
Land	$255,255	$255,255	$ -0-
Main and Inceptors	4,222,161	4,222,161	-0-
Pump Stations	1,324,637	1,324,637	-0-
Machinery and Equipment	235,358	235,358	-0-
Computer Equipment	30,105	30,105	-0-
	6,067,516	6,067,516	-0-
Less: Accumulated Depreciation and Amortization	(5,333,615)	(5,308,953)	(24,662)
Total Capital Assets	$733,901	$758,563	$(24,662)

Capital Debt

At December 31, 2024, the Authority had no capital debt outstanding.

Component Unit

Based upon the criteria of GASB Statements, the Authority is a component unit of the Borough of Carlstadt.

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system, and new regulations issued by the State and Federal governments.

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, you may contact the Authority's Executive Director at 429 Hackensack Street, Carlstadt, New Jersey 07072 or at (201) 935-2180.

Financial Statements

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE BOROUGH OF CARLSTADT)
STATEMENT OF NET POSITION
DECEMBER 31,

		2024		2023
ASSETS				
Current Assets:				
Unrestricted:				
Cash and Cash Equivalents	$	2,225,146	$	2,013,048
Petty Cash		100		100
Prepaid Expenses		1,950		1,950
Accounts Receivable		92,074		12,584
Total Unrestricted		2,319,270		2,027,682
Restricted:				
Developers Escrow				
Cash and Cash Equivalents		31,282		28,177
Unemployment Reserve				
Cash and Cash Equivalents		2,585		2,367
Total Restricted Assets		33,867		30,544
Capital Assets:				
Land		255,255		255,255
Force Mains and Interceptors		4,222,161		4,222,161
Pump Stations		1,324,637		1,324,637
Machinery and Equipment		272,778		235,358
Computer Equipment		30,105		30,105
Less: Accumulated Depreciation		(5,359,055)		(5,333,615)
Total Capital Assets		745,881		733,901
TOTAL ASSETS	$	3,099,018	$	2,792,127
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows:				
Deferred Pension-Related Costs	$	5,975	$	7,218
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	5,975	$	7,218

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

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE BOROUGH OF CARLSTADT)
STATEMENT OF NET POSITION
DECEMBER 31,

	2024	2023
LIABILITIES		
Current Liabilities:		
Payable From Unrestricted Assets:		
Accounts Payable - Operations	$ 31,125	$ 51,899
Accounts Payable - Pension Related	15,979	15,979
	47,104	67,878
Payable From Restricted Assets:		
Accounts Payable - Developers Escrow	31,282	28,177
Total Current Liabilities	78,386	96,055
Non-Current Liabilities:		
Net Pension Liability	183,971	253,420
Total Non-Current Liabilities	183,971	253,420
Total Liabilities	$ 262,357	$ 349,475
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows:		
Deferred Pension-Related Inflows	$ 133,498	$ 149,987
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 133,498	$ 149,987
NET POSITION		
Net Investment in Capital Assets	$ 745,881	$ 733,901
Restricted		
Unemployment Reserve	2,585	2,367
Unrestricted:		
Designated	300,000	300,000
Undesignated	1,660,672	1,263,615
TOTAL NET POSITION	$ 2,709,138	$ 2,299,883

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

EXHIBIT B

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE BOROUGH OF CARLSTADT)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31,

	2024	2023
Operating Revenue:		
Service Charges	$ 1,711,678	$ 1,454,767
Connection Fees	8,134	153,338
Delinquent Penalties	2,501	1,171
Total Operating Revenue	1,722,313	1,609,276
Operating Expenses:		
General and Administrative	317,792	342,745
Cost of Providing Services	1,078,001	998,378
Depreciation Expense	25,440	24,662
Total Operating Expenses	1,421,233	1,365,785
Operating Income	301,080	243,491
Non-Operating Revenue (Expenses):		
Interest Income	107,957	76,869
Unemployment Ins. Claims - Net	218	450
Non-Operating Income (Loss)	108,175	77,319
Change In Net Position	409,255	320,810
Net Position - January 1,	2,299,883	1,979,073
Net Position - December 31,	$ 2,709,138	$ 2,299,883

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

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE BOROUGH OF CARLSTADT)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31,

	2024	2023
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 1,640,322	$ 1,614,837
Cash Received - Other	2,719	1,621
Cash Paid to Vendors and Employees	(1,501,262)	(1,407,209)
Cash Paid - Escrow	3,105	9,206
Interest Received	107,957	76,869
Net Cash from Operating Activities	252,841	295,324
Cash Flows from Financing Activities:		
Acquisition and Construction of Capital Assets	(37,420)	-
Net Cash Flows from Financing Activities	(37,420)	-
Net Increase/(Decrease) in Cash and Cash Equivalents	215,421	295,324
Cash and Cash Equivalents at Beginning of Year	2,043,692	1,748,368
Cash and Cash Equivalents at End of Year	$ 2,259,113	$ 2,043,692
Classified As:		
Unrestricted	2,225,246	2,013,148
Restricted:		
Developers Escrow	31,282	28,177
Unemployment Reserve	2,585	2,367
	$ 2,259,113	$ 2,043,692

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

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE BOROUGH OF CARLSTADT)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31,

	2024	2023
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Net Operating Income	301,080	243,491
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	25,440	24,662
Interest Income	107,957	76,869
Unemployment Ins. Claims - Net	218	450
(Increase) / Decrease in Receivables	(79,490)	6,732
Increase / (Decrease) in Payables	(20,774)	17,484
Increase / (Decrease) in Pension Contribution Payable	-	(808)
Change in Deferred Inflows/Outflows of Resources	(15,246)	(41,689)
Increase / (Decrease) in Pension Liability	(69,449)	(41,012)
Increase / (Decrease) in Developers Escrow	3,105	9,206
Increase / (Decrease) in Employee Deductions Payable	-	(61)
Total Adjustments	(48,239)	51,833
Net Cash Provided by Operating Activities	$ 252,841	$ 295,324

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

Notes to Financial Statements

THE CARLSTADT SEWERAGE AUTHORITY
COUNTY OF BERGEN, STATE OF NEW JERSEY
(A Component Unit of the Borough of Carlstadt)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

1. GENERAL

The Carlstadt Sewerage Authority, County of Bergen, State of New Jersey (the "Authority"), is a political subdivision and public body corporate and politic of the State of New Jersey. It was established pursuant to the Sewerage Authorities Law of New Jersey, constituting chapter 138 of the Pamphlet Laws of 1946 of the State of New Jersey as amended and supplemented. The Local Finance Board approved the creation of the Authority on June 21, 1967. The Authority was created pursuant to the Act.

The Authority was created to construct and operate a wastewater collection system to serve the portion of the Borough of Carlstadt between Berry's Creek and the Hackensack River. The industrial wastewater collected flows through two pumping stations operated by the Authority and is pumped to the Bergen County Utility Authority for treatment. The Authority's customers receive their water from Veolia Water. Veolia provides the Authority with usage amounts that are used to calculate the Authority's annual billings.

The Authority consists of five members who are appointed by resolution of the Mayor and Council for five-year terms. The daily operations of the Authority are managed by the Executive Director.

2. SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

On January 1, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net asset reporting requirement of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

- *Net investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net 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."

B. Basis of Accounting

The 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.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Cash Equivalents

Cash and cash equivalents include money market funds and short-term investments including certificates of deposit, with a maturity of three months or less carried at cost, which approximates market.

The Authority's investment practices are governed by New Jersey State Statute 40A:5-15. Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 12 months from the date of purchase. In addition, the Authority can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Authority is a part or within which the Authority is located unless such investments are expressly prohibited by law.

D. Investments

Investments are stated at fair value.

E. Capital Assets

The cost to construct, acquire or replace an existing asset (or otherwise prolong useful life of an existing asset) is capitalized under the Authority's capitalization policy. The capitalization threshold is $5,000 and includes equipment valued over $5,000 or any purchase related to a capital project whose project value exceeds $5,000.

Capital assets are reported at cost, including all ancillary charges necessary to place the assets in their intended location and condition for use. If land is purchased, the capitalized amount includes the purchase price plus costs such as legal fees, filling and excavation costs incurred to put the land in condition for its intended use. The capitalized amounts for building include both acquisition and capital improvement costs and net construction period interest. An asset is deemed substantially complete when the structure or project is ready for the purpose for which it was constructed.

THE CARLSTADT SEWERAGE AUTHORITY
COUNTY OF BERGEN, STATE OF NEW JERSEY
(A Component Unit of the Borough of Carlstadt)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024 AND 2023

2. <u>SIGNIFICANT ACCOUNTING POLICIES</u>, (continued)

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

Main and Interceptors	40 years
Permanent Pump Station	40 years
Temporary Pump Station	10 years
Machinery and Equipment	20 years
Office Furniture and Equipment	10 years
Computer	5 years
Software	5 years

Land and other assets are valued at market value at the time of condemnation which was 1971. Subsequent acquisitions are stated at historical cost. Land includes two pump station sites and right-of-way easements for the Authority's sewer lines.

Capital assets activity for the years ended December 31, 2024 and 2023 were as follows:

	2023	Increases	Decreases	2024
Land	$255,255	$	$	$255,255
Mains and Interceptors	4,222,161			4,222,161
Pump Stations	1,324,637			1,324,637
Machinery Equipment	235,358	37,420		272,778
Computer Equipment	30,105			30,105
	6,067,516	37,420		6,104,936
Less Accumulated Depreciation	(5,333,615)	(25,440)		(5,359,055)
	$733,901	$11,980	$0	$745,881

	2022	Increases	Decreases	2023
Land	$255,255	$	$	$255,255
Mains and Interceptors	4,222,161			4,222,161
Pump Stations	1,324,637			1,324,637
Machinery Equipment	235,358			235,358
Computer Equipment	30,105			30,105
	6,067,516	0		6,067,516
Less Accumulated Depreciation	(5,308,953)	(24,662)		(5,333,615)
	$758,563	($24,662)	$	$733,901

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Leases

The Authority renewed the lease agreement for its office space at $2,150 per month for 60 months starting January 1, 2023. The future minimum lease payments are as follows:

Year Ended	Amount
2023-2027	$25,800/year

G. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees. Management advises that sick and vacation time must be used by year end.

H. Allowance for Doubtful Account

The Authority does not provide a provision for doubtful accounts since it has the ability to put a lien on any delinquent account over six months.

I. 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.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

J. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include the useful life of fixed assets which affects the amount reported as depreciation and accumulated depreciation.

K. Deferred Outflows and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

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

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

L. Net Position

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position 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 is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

M. 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 Commission 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.

2. SIGNIFICANT ACCOUNTING POLICIES, (continued)

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.

3. FINANCIAL REPORTING ENTITY

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, 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.

3. FINANCIAL REPORTING ENTITY, (continued)

Component Unit, (continued)

The basic-but not the only-criterion for including a potential component unity 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 and is a component unit of the Borough of Carlstadt.

4. CASH AND CASH EQUIVALENTS

The Authority's deposit and investment practices are governed by New Jersey State Statute 40A:5-15. GASB Statement No. 3, amended by GASB Statement No. 40, requires disclosure of the level of custodial credit risk assumed by the Authority in its cash, cash equivalents and investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority mitigates this risk by depositing or investing with public depositories protected from loss under the provisions of the GUDPA.

4. CASH AND CASH EQUIVALENTS, (continued)

Deposits

The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. Operating cash, in the form of various checking, and savings accounts, are held in the Authority's name by commercial banking institutions. At December 31, 2024 and 2023, the carrying amount of the Authority's deposits were $2,259,113 and $2,043,692, respectively. The bank balances were $2,274,043 and $2,055,319, respectively. Of the bank balance, $500,000 was insured with Federal Deposit Insurance and $1,774,043 was covered by GUDPA.

As of December 31, 2024 and 2023, cash and cash equivalents of the Authority consisted of the following:

	2024	2023
Petty Cash	$100	$100
Checking Accounts	356,192	235,994
Cash Management Fund	1,902,821	1,807,598
	$2,259,113	$2,043,692
Restricted Accounts	$33,867	$30,544
Unrestricted Accounts	2,225,246	2,013,148
	$2,259,113	$2,043,692

5. INVESTMENTS

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the lengths of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The types of allowable investments are Bonds of the United States or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer; currently Provident Bank and the New Jersey Cash Management Fund are the official depositories.

6. 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).

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.

6. PENSION PLAN, (continued)

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

Service retirement benefits of $1/55^{th}$ 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 $1/60^{th}$ 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.

6. PENSION PLAN, (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 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 of the employee's annual compensation, as defined by law. Employers are 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 PERS, equal to the required contributions for each year, were as follows:

Year Ending	Annual Pension Cost (APC)
12/31/24	$23,384
12/31/23	24,603
12/31/22	25,180

6. PENSION PLAN, (continued)

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 $183,971 and $253,420 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. 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 0.001354 percent, which was a decrease of 0.000396 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Authority recognized pension expense of $(66,273). At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$229	$2,093
Net difference between projected and actual earnings on pension plan investments	3,685	8,530
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,061	122,875
Total	$5,975	$133,498

6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (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 (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended December 31:	
2025	$(7,811)
2026	6,044
2027	(3,477)
2028	(2,007)
2029	52

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, 5.72 and 6.44 years for 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

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

	June 30, 2024	June 30, 2023
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	.001354%	.001750%

6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 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%

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	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%

6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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 in determining 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 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Authority's proportionate share of the pension liability	$246,509	$183,971	$133,617

6. PENSION PLAN, (continued)

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

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

7. RISK MANAGEMENT

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

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of authorities established for the purpose of providing its members the following low cost coverage:

Workers' Compensation/Employer's Liability
General Liability
Property Liability/Boiler and Machinery Liability
Excess Public Employees' Bond/Public Officials' Bond

Members are insured up to $150,000 for Workers' Compensation, employer's liability, and general liability. Members are also insured for the following: property to $25,000; boilers and machinery to $5,000; excess public employees' bond to $50,000; and excess public officials' bond to $25,000. In addition to these coverages provided directly by the JIF, the JIF also purchases the following additional insurance policies from independent third party insurers: general liability and automobile liability to $10,000,000; public officials and employment practices liability to $2,000,000; property liability to $150,000,000; and boiler and machinery liability to $150,000,000.

7. RISK MANAGEMENT, (continued)

The Authority pays actuarial assessments to the JIF annually. If these assessments prove deficient, additional assessments may be levied. The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Authority is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides additional coverage above the levels provided by the JIF (and before third party insurance) for the following: employer's liability to $1,700,000; general liability to $1,000,000; automobile liability to $300,000; public officials and employment practice liability to $1,000,000; excess public employees' bond to $950,000; and excess public officials' bond to $1,000,000.

8. DESIGNATED NET POSITION

At December 31, 2024 and 2023, the Authority had designated $300,000 of unrestricted net position for renewal and replacement.

9. UNRESTRICTED/UNDESIGNATED NET POSITION

The Authority's undesignated portion of unrestricted net position was comprised of the following at December 31, 2024 and 2023:

	2024	2023
Pension Related	$(311,494)	$(396,189)
Available for Use in Future Budgets	1,972,166	1,659,804
	$1,660,672	$1,263,615

10. COMMITMENTS AND CONTINGENCIES

The Authority's attorney has informed management that there are no material commitments or contingencies as of the date of this report.

11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through July 10, 2025, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

Required Supplementary Information - Part II

CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	Measurement Date Ending June 30,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Liability	.001354%	.001750%	.001951%	.001924%	.003027%	.003139%	0.003258%	0.00302%	0.00164%	0.00213%
Authority's Proportionate Share of the Net Pension Liability	$183,971	$253,420	$294,432	$227,954	$493,686	$565,696	$641,552	$705,066	$486,103	$478,474
Authority's Covered-Employee Payroll	$120,680	$127,262	$132,824	$139,670	$141,014	$214,423	$222,368	$219,187	$135,304	$125,079
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	152.45%	199.13%	221.67%	163.21%	350.10%	263.78%	289%	322%	359%	383%
Plan fiduciary net position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	43.43%	53.60%	48.10%	40.14%	47.93%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.

CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)
Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	Fiscal Year ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractual Required Contribution	$23,384	$24,603	$25,180	$23,135	$33,706	$31,120	$32,410	$28,059	$14,581	$18,325
Contributions in Relation to the Contractually Required Contribution	(23,384)	(24,603)	(25,180)	(23,135)	(33,706)	(31,120)	(32,410)	(28,059)	(14,581)	(18,325)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	120,680	127,262	132,824	139,670	141,014	214,423	222,368	219,187	135,304	127,079
Contributions as a Percentage of Authority's Covered-Employee Payroll	19.38%	19.33%	18.96%	16.56%	23.90%	14.51%	14.57%	12.80%	10.78%	14.42%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.

CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)
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 did not change from 7.00% as of June 30, 2023 to 7.00% as of June 30, 2024 in accordance with Paragraph 44 of GASB Statement No. 68. Any change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

Supplementary Schedules

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE BOROUGH OF CARLSTADT)
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

		Restricted	Unrestricted		
			Designated		
	Net Investment in Capital Assets	Unemployment Reserve	Renewal and Replacement	Undesignated	Total
Operating Revenue:					
Service Agreements				1,711,678	1,711,678
Interest - Unrestricted				107,957	107,957
Industrial and Misc. Permits				2,501	2,501
Total Operating Revenue	-	-	-	1,830,270	1,830,270
Operating Expense:					
Salaries and Wages				179,769	179,769
Fringe Benefits				36,414	36,414
Other Expenses				1,179,610	1,179,610
Depreciation Expense	25,440				25,440
Total Operating Expense	25,440	-	-	1,395,793	1,421,233
Operating Income	(25,440)	-	-	434,477	409,037
Non-Operating Revenue (Expense):					
Unemployment Ins. Claims - Net		218			218
	-	218	-	-	218
Net Income (Loss) Before Transfers	(25,440)	218	-	434,477	409,255
Transfers:					
Capital Purchases	37,420			(37,420)	-
Increase/(Decrease) in Net Assets	11,980	218	-	397,057	409,255
Net Position - January 1, 2024	733,901	2,367	300,000	1,263,615	2,299,883
Net Position - December 31, 2024	745,881	2,585	300,000	1,660,672	2,709,138

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE BOROUGH OF CARLSTADT)
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Restricted	Unrestricted	Total
Cash and Cash Equivalents-January 1, 2024	30,544	2,013,148	2,043,692
Cash Receipts:			
User Charges		1,640,322	1,640,322
Delinquent Penalties		2,501	2,501
Interest Received		107,957	107,957
Unemployment Ins. Claims - Net	218		218
Total Cash Receipts	218	1,750,780	1,750,998
Cash Disbursements:			
Operations		1,501,262	1,501,262
Escrow	(3,105)		(3,105)
Total Cash Disbursements	(3,105)	1,538,682	1,535,577
Cash and Cash Equivalents-December 31, 2024	33,867	2,225,246	2,259,113
Balance Comprised Of:			
Cash	33,867	2,225,246	2,259,113
	33,867	2,225,246	2,259,113

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNITY OF THE BOROUGH OF CARLSTADT)
SUPPLEMENTAL SCHEDULE OF OPERATING REVENUE COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024

	FY 2024 Adopted Budget	FY 2024 Budget As Amended	2024 Actual	Excess / (Deficit)	Prior Year Actual
Operating Revenues					
Service Charges	$ 1,562,571	$ 1,562,571	$ 1,711,678	$ 149,107	$ 1,454,767
Connection Fees			8,134	8,134	153,338
Delinquent Penalties			2,501	2,501	1,171
Total Operating Revenues	1,562,571	1,562,571	1,722,313	159,742	1,609,276
Non-Operating Revenues					
Interest on Investments	55,236	55,236	107,957	52,721	76,869
Unemployment Ins. Claims - Net			218	218	450
Retained Earnings Appropriated:					
Unrestricted Accounts				-	
Total Non-Operating Revenues	55,236	55,236	108,175	52,939	77,319
Total Revenue	$ 1,617,807	$ 1,617,807	$ 1,830,488	$ 212,681	$ 1,686,595

	2024 Actual	Prior Year Actual
Reconciliation with GAAP		
Actual revenues from budgetary comparison schedule	1,830,488	1,686,595
Unrestricted net assets utilized	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in net position	1,830,488	1,686,595

CARLSTADT SEWERAGE AUTHORITY
(A COMPONENT UNITY OF THE BOROUGH OF CARLSTADT)
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024

	FY 2024 Adopted Budget	FY 2024 Budget as Amended	Paid Or Charged	Excess / (Deficit)	Prior Year Actual
GENERAL AND ADMINISTRATIVE					
Personnel					
Salaries and Wages	$ 162,930	$ 159,930	$ 158,149	$ 1,781	$ 178,955
Fringe Benefits:	101,048	110,000	105,730	4,270	100,858
Total Personnel	263,978	269,930	263,879	6,051	279,813
Other Expenses					
Admin, Conferences, Registrtion & Dues	14,258	8,837	3,869	4,968	9,491
Professional Fees	81,200	78,000	63,920	14,080	63,554
Rent & Office	89,388	69,388	63,983	5,405	53,742
Insurance & Bond Premium	12,510	12,510	6,836	5,674	18,846
Total Other Expenses	197,356	168,735	138,608	30,127	145,633
Total General and Administrative	461,334	438,665	402,487	36,178	425,446
COST OF PROVIDING SERVICES					
Personnel					
Salaries and Wages:	$ 22,324	$ 22,324	$ 21,620	$ 704	$ 21,150
Fringe Benefits:	13,846	16,000	15,379	621	11,502
Total Personnel	36,170	38,324	36,999	1,325	32,652
Other Expenses					
Repairs, Parts, Supplies & Maintenance	67,598	72,000	66,554	5,446	35,260
Power and Water	16,015	16,015	16,690	(675)	14,073
BCUA Annual Fee	943,887	960,000	957,758	2,242	916,393
Total Other Expenses	1,027,500	1,048,015	1,041,002	7,013	965,726
Total Cost of Providing Services	1,063,670	1,086,339	1,078,001	8,338	998,378
Grand Total	1,525,004	1,525,004	1,480,488	44,516	1,423,824
Excess(Deficit) of Revenues Over Expenses	$ 92,803	$ 92,803	$ 350,000	$	$ 262,771
Reconciliation of Budgetary Basis to GAAP:					
Legal Settlement					
Pension Adjustment			84,695		82,701
Depreciation Expense			(25,440)	-	(24,662)
Total Adjustments	-	-	59,255	-	58,039
Change In Net Position	$ 92,803	$ 92,803	$ 409,255	$ -	$ 320,810

W&CO

WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Chairman and Members of the
Carlstadt Sewerage Authority
429 Hackensack Street
Carlstadt, NJ 07072

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 Carlstadt Sewerage 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 July 10, 2025.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carlstadt Sewerage 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.

The Carlstadt Sewerage Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

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

July 10, 2025

W&CO

THE CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Summary of Auditor's Results:

Not applicable

THE CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)

SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2024

Status of Prior Year Audit Findings:

There were no prior year audit findings.

General Comments and Recommendations

THE CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)

GENERAL COMMENTS

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

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, as amended, 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 bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is $44,000.

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. No violations were discovered.

Our examination of expenditures revealed no individual payment, contract or agreement "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of the statutory thresholds where bids had not been previously sought by public advertisement or where a resolution had previously been adopted under the provisions of N.J.S.A. 40A:11-6.

Our review of the Authority's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

THE CARLSTADT SEWERAGE AUTHORITY
(A Component Unit of the Borough of Carlstadt)

GENERAL COMMENTS, CONTINUED

Status of Prior Years' Recommendations

There were no prior year recommendations.

We wish to thank the Carlstadt Sewerage Authority for their cooperation during the performance of our audit.

Respectfully submitted,

Wielkotz & Company, LLC

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