

Annual Financial Report

of the

**Delaware Township Municipal
Utilities Authority**

for the

Years Ended January 31, 2022 and 2021

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Authority Officials
Delaware Township Municipal Utilities Authority
Sergeantsville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Delaware Township Municipal Utilities Authority, which comprise the statements of net position as of and for the years ended January 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Delaware Township Municipal Utilities Authority, as of January 31, 2022 and 2021, and the changes in its net position and cash flows for the years 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 and the standards applicable to financial audits contained in *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 Delaware Township Municipal Utilities Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 Delaware Township Municipal Utilities Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Delaware Township Municipal Utilities Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delaware Township Municipal Utilities Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the schedules related to accounting and reporting for pensions in Schedules R-1 through R-3 identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delaware Township Municipal Utilities Authority's basic financial statements. The supplemental data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental data schedules 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 financial statements and other schedules 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 September 23, 2022 on our consideration of the Delaware Township Municipal Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Delaware Township Municipal Utilities Authority's internal control over financial reporting and compliance.

September 23, 2022

A handwritten signature in dark ink, appearing to read "Suplee, Clooney & Company", is written in a cursive style.



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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 BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Authority Officials
Delaware Township Municipal Utilities Authority
Sergeantsville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Delaware Township Municipal Utilities Authority as of and for the year ended January 31, 2022 and the related notes to the financial statements, which collectively comprise Delaware Township Municipal Utilities Authority's financial statements, and have issued our report thereon dated September 23, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did 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 Delaware Township Municipal Utilities Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

September 23, 2022

A handwritten signature in dark ink, appearing to read "Suplee, Clooney & Company", is written in a cursive style.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A") **(UNAUDITED)**

In this section of the annual report, management of the Delaware Township Municipal Utilities Authority (the "Authority") presents a narrative discussion and analysis of the Authority's financial activities for the years ended January 31, 2022 and 2021. This section of the report should be read in conjunction with the Authority's audited financial statements and supplementary information for the years ended January 31, 2022 and 2021. The Authority's audited financial statements are presented in conformity with generally accepted accounting principles.

Audit Assurance

The unmodified opinion of our independent auditors, Suplee, Clooney & Company, is included in this report.

Financial Highlights

Discussion of Condensed Statement of Net Position

Unrestricted assets at January 31, 2022 and 2021, consists of Cash and Cash Equivalents and Accounts Receivable totaling \$1.1 million and \$1 million, respectively.

Fixed assets had a net increase of \$55 thousand as a result of and new purchases.

Total liabilities payable from unrestricted assets of \$37 thousand and \$48 thousand at January 31, 2022 and 2021, respectively, consists principally of accounts payable, accrued salary and wages and deferred rental income.

Discussion of Condensed Statement of Revenue, Expenses, and Changes in Net Position

Operating revenues are unchanged from the prior year. User Charges represent 68% of the operating revenues in 2021 and 2020.

Total operating expenses for the year ended January 31, 2022 increased by \$8 thousand or 2.7% from the year ended January 31, 2021 primarily from increased expenditures for water and sewer operations.

For the year ended January 31, 2022, Operating Income amounted to \$125 thousand compared to Operating Income of \$132 thousand for the year ended January 31, 2021.

Regarding the Capital Project Fund, \$149 thousand and \$150 thousand was budgeted and paid into this fund for the years ended January 31, 2022 and 2021, respectively, for future capital projects.

The user fees for sewer and water was unchanged at \$1,440.00 and \$1,440.00, respectively, for the years ended January 31, 2022 and 2021.

Discussion of Cash Flows

Net cash provided by operating activities amounted to \$186 thousand and \$175 thousand in the years ended January 31, 2022 and 2021, respectively. The \$11 thousand increase in net cash provided by operating activities in the year 2022 was attributable to increases in user charges and other revenue.

For the year ended January 31, 2022 \$106,410 was used for the purchase of fixed assets.

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A") **(UNAUDITED)**

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's budget, and bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes to Net Position; a Statement of Cash Flows; and notes to the financial statements.

The Statement of Net Position presents the Assets, Liabilities, Deferred Inflows and Outflows of Resources and Total Net Position of the Authority on a historical cost basis. Over time, increases and decreases in the components of the Authority's Total Net Position are indicators of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Government Accounting Standards Board (GASB) Statement 68 requires state and local governmental entities to disclose their unfunded pension liabilities. The Authority participates in the pension plan sponsored by the State of New Jersey, which has a much publicized, large unfunded liability. Although the Authority is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Authority employees participating in PERS (Public Employee Retirement System) be reported in the audited financial statements to promote better financial clarity. Understandably, the net pension liability of \$18,603 – shown within long-term liabilities – is a significant number at January 31, 2022. Footnotes 2, 8 and 9 explain the pension plan accounting in greater detail.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning:

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
(UNAUDITED)

Condensed Financial Statements

Condensed Statement of Net Position

	January 31,		Variance		January 31,
	<u>2022</u>	<u>2021</u>	<u>\$</u>	<u>%</u>	<u>2020</u>
<u>Assets</u>					
Unrestricted Assets:					
Cash and Cash Equivalents	\$ 1,061,509	\$ 981,061	\$ 80,448	8.2%	\$ 815,679
Sewer Fees Receivable	19,929	28,871	(8,942)	-31.0%	18,071
Total Unrestricted Assets	<u>1,081,438</u>	<u>1,009,932</u>	<u>71,506</u>	<u>7.1%</u>	<u>833,750</u>
Property Plant and Equipment, net	<u>966,749</u>	<u>911,951</u>	<u>54,798</u>	<u>6.0%</u>	<u>957,331</u>
Total Assets	<u>2,048,187</u>	<u>1,921,883</u>	<u>126,304</u>	<u>6.6%</u>	<u>1,791,081</u>
<u>Deferred Outflow of Resources</u>					
Pension Related	<u>7,200</u>	<u>11,489</u>	<u>(4,289)</u>	<u>-37.3%</u>	<u>15,427</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 2,055,387</u>	<u>\$ 1,933,372</u>	<u>\$ 122,015</u>	<u>6.3%</u>	<u>\$ 1,806,508</u>
<u>Liabilities</u>					
Liabilities Payable from Unrestricted Assets:					
Accounts Payable and Accrued Expenses	\$ 16,298	\$ 27,642	\$ (11,344)	-41.0%	\$ 33,374
Deferred Rental Income	20,352	20,352			19,759
Total Liabilities Payable from Unrestricted Assets	<u>36,650</u>	<u>47,994</u>	<u>(11,344)</u>	<u>-23.6%</u>	<u>53,134</u>
Long-Term Liabilities:					
Net Pension Liability	<u>18,603</u>	<u>25,908</u>	<u>(7,305)</u>	<u>-28.2%</u>	<u>29,157</u>
Total Liabilities	<u>55,253</u>	<u>73,902</u>	<u>(18,649)</u>	<u>-25.2%</u>	<u>82,291</u>
<u>Deferred Inflow of Resources</u>					
Pension Related	<u>12,487</u>	<u>11,635</u>	<u>852</u>	<u>7.3%</u>	<u>13,043</u>
<u>Net Position</u>					
Net Investment in Capital Assets	966,749	911,951	54,798	6.0%	957,331
Unrestricted - Capital Projects	923,205	774,205	149,000	19.2%	624,205
Unrestricted - Operating	<u>97,693</u>	<u>161,679</u>	<u>(63,986)</u>	<u>-39.6%</u>	<u>129,638</u>
Total Net Position	<u>1,987,647</u>	<u>1,847,835</u>	<u>139,812</u>	<u>7.6%</u>	<u>1,711,174</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 2,055,387</u>	<u>\$ 1,933,372</u>	<u>\$ 122,015</u>	<u>6.3%</u>	<u>\$ 1,806,508</u>

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
(UNAUDITED)

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	January 31,		Variance		January 31,
	<u>2022</u>	<u>2021</u>	<u>\$</u>	<u>%</u>	<u>2020</u>
Operating Revenues	\$ 447,200	\$ 445,880	\$ 1,320	0.3%	\$ 428,212
Operating Expenses:					
Administrative and General	60,799	76,956	(16,157)	-21.0%	103,454
Costs of Providing Services	209,899	181,102	28,797	15.9%	190,614
Depreciation	51,911	56,133	(4,222)	-7.5%	49,149
Total Operating Expenses	<u>322,609</u>	<u>314,191</u>	<u>8,418</u>	<u>2.7%</u>	<u>343,217</u>
Operating Income (Loss)	124,591	131,689	(7,098)	-5.4%	84,995
Non-Operating Revenues (Expenses)	<u>15,221</u>	<u>4,972</u>	<u>10,249</u>	<u>206.1%</u>	<u>3,050</u>
Change in Net Assets	139,812	136,661	3,151	2.3%	88,045
Net Position, Beginning of Year	<u>1,847,835</u>	<u>1,711,174</u>	<u>136,661</u>	<u>8.0%</u>	<u>1,623,129</u>
Net Position, End of Year	<u>\$ 1,987,647</u>	<u>\$ 1,847,835</u>	<u>\$ 139,812</u>	<u>7.6%</u>	<u>\$ 1,711,174</u>

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
(UNAUDITED)

AUTHORITY OVERVIEW

General

The Delaware Township Municipal Utilities Authority (the "Authority") was created on April 26, 1965 to construct and operate a wastewater treatment system and a water system to serve parts of Delaware Township, New Jersey. The Authority bills and collects its revenue from users of the system. As a public body, under existing statute, the Authority is exempt from both Federal and State Income Tax.

The powers of the Authority are exercised by a Board of five members and two alternates who are appointed to five-year terms by the Township of Delaware.

The Authority had 3 employees as of January 31, 2022.

Contacting the Authority's Management

Any questions about the Authority's report or if additional information is needed, please contact the Delaware Municipal Utilities Authority, 570 Rosemont-Ringoes Road, PO Box 103, Sergeantsville, New Jersey 08557.

BASIC FINANCIAL STATEMENTS

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Unrestricted Assets:		
Cash and Cash Equivalents - Operating	\$ 1,061,509	\$ 981,061
Sewer and Water Fees Receivable	19,929	28,781
<u>Total Unrestricted Assets</u>	<u>1,081,438</u>	<u>1,009,932</u>
Property, Plant and Equipment, at Cost	2,100,509	1,993,800
Less: Accumulated Depreciation	1,133,760	1,081,849
<u>Net Property, Plant and Equipment</u>	<u>966,749</u>	<u>911,951</u>
<u>TOTAL ASSETS</u>	<u>2,048,187</u>	<u>1,921,883</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension Related	7,200	11,489
<u>TOTAL DEFERRED OUTFLOW OF RESOURCES</u>	<u>7,200</u>	<u>11,489</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>	<u>\$ 2,055,387</u>	<u>\$ 1,933,372</u>

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

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable and Accrued Expenses	\$ 16,298	\$ 27,642
Deferred Rental Income	<u>20,352</u>	<u>20,352</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>36,650</u>	<u>47,994</u>
Long-Term Liabilities:		
Net Pension Liability	<u>18,603</u>	<u>25,908</u>
Total Long-Term Liabilities	<u>18,603</u>	<u>25,908</u>
Total Liabilities	<u>55,253</u>	<u>73,902</u>
Deferred Inflow of Resources:		
Pension Related	<u>12,487</u>	<u>11,635</u>
Total Deferred Inflow of Resources	<u>12,487</u>	<u>11,635</u>
Net Position:		
Net Investment in Capital Assets	966,749	911,951
Capital Projects	923,205	774,205
Unrestricted	<u>97,693</u>	<u>161,679</u>
Total Net Position	<u>1,987,647</u>	<u>1,847,835</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>	<u>\$ 2,055,387</u>	<u>\$ 1,933,372</u>

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

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Operating Revenues:</u>		
User Charges	\$ 302,578	\$ 302,398
Rent - Cell Tower	142,589	141,444
Interest on User's Accounts Receivable	363	618
Capital Fees	370	370
Miscellaneous Income	14,002	1,050
	<hr/>	<hr/>
<u>Total Operating Revenues</u>	459,902	445,880
	<hr/>	<hr/>
<u>Operating Expenses:</u>		
Administrative and General	60,799	76,956
Costs of Providing Services	209,899	181,102
Depreciation	51,911	56,133
	<hr/>	<hr/>
<u>Total Operating Expenses</u>	322,609	314,191
	<hr/>	<hr/>
<u>Operating Income</u>	137,293	131,689
	<hr/>	<hr/>
<u>Non-Operating Revenues (Expenses):</u>		
Other Income	1,300	4,331
Interest Income	146	641
Pension Related	1,073	
	<hr/>	<hr/>
	2,519	4,972
	<hr/>	<hr/>
<u>Change in Net Assets</u>	139,812	136,661
	<hr/>	<hr/>
Net Position, Beginning of Year	1,847,835	1,711,174
	<hr/>	<hr/>
Net Position, End of Year	\$ 1,987,647	\$ 1,847,835
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The accompanying Notes to Financial Statements are an integral part of this statement.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Receipts for User Charges	\$ 311,430	\$ 291,598
Receipts for Cell Tower Rent	142,589	141,444
Receipts - Other	14,735	4,505
Payments to Suppliers	(231,248)	(216,092)
Payments to Employees	<u>(50,794)</u>	<u>(45,962)</u>
Net Cash Provided by Operating Activities	<u>186,712</u>	<u>175,494</u>
Cash Flows from Investing Activities:		
Purchase of Fixed assets	(106,410)	(10,753)
Interest Income	<u>146</u>	<u>641</u>
Net Cash Provided (Used in) by Investing Activities	<u>(106,264)</u>	<u>(10,112)</u>
Increase/(Decrease) in Cash and Cash Equivalents	80,448	165,382
Cash and Cash Equivalents, Beginning of Year	<u>981,061</u>	<u>815,679</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,061,509</u>	<u>\$ 981,061</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>		
Operating Income:	\$ 137,293	\$ 131,689
Depreciation	51,911	56,133
Changes in Operating Assets and Liabilities:		
Sewer Fees Receivable	8,852	(10,800)
Accounts Payable	(11,344)	(2,121)
Deferred Revenue	<u>593</u>	<u>593</u>
Net Cash Provided by Operating Activities	<u>\$ 186,712</u>	<u>\$ 175,494</u>

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

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(1) ORGANIZATION

The Delaware Township Municipal Utilities Authority (the "Authority") was created on April 26, 1965 to construct and operate a wastewater treatment system and a water system to serve parts of Delaware Township, New Jersey. The Authority bills and collects its revenue from users of the system. As a public body, under existing statute, the Authority is exempt from both Federal and State Income Tax.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the GASB's accounting policies are described below.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included in the Statements of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into invested in capital assets, restricted and unrestricted components.

Revenue Recognition

The Authority generates the vast majority of its revenues through user fees that are charged to residents who use the services provided by the Authority. User fees are billed on a quarterly basis, and are recorded on an accrual basis as earned.

Additionally, the Authority leases a small piece of land for a tower to be used for wireless communication equipment. Such revenue is recorded as earned, as per the terms set forth in the related lease agreements. Some of this lease income is received in advance, and as such, results in deferred revenue being recognized.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Historically, the Authority has had very few delinquent accounts. Management does not deem it necessary to record an allowance against its receivables, as it has a tax lien placed against any delinquent accounts. Additionally, the Authority's customer base is fairly vast and individual delinquent account balances are normally insignificant. Payments are applied to open invoices in date order with the remainder applied to delinquent interest.

Accounting and Financial Reporting for Pensions

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate the unfunded net pension liability of Public Employees Retirement System (PERS) of the participating employers as of December 31, 2021. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, Authorities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Liabilities area of the balance sheet.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Authority has two items that qualifies for reporting in this category, deferred amounts related to pensions and premium and costs on issuance of debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies in this category, deferred amounts related to pension.

Reporting Entity

The Authority's financial statements include the operations of the wastewater treatment system and water system for which the Board Members of the Authority exercise financial accountability. The Board members are appointed to five-year terms by the Township of Delaware. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

Net Position

Equity is classified as net position and displayed in three components:

- 1) Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.
- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "invested in capital assets."

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

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

Sewer Plant and Mains	40 years
Well	30 years
Other Equipment and Improvements	10-40 years

Details of property, plant and equipment as of January 31, are as follows:

	<u>2022</u>	<u>2021</u>
Sewer Plant and Mains	\$ 514,669	\$ 514,669
Well	56,167	56,167
Other Equipment and Improvements	<u>1,529,673</u>	<u>1,422,964</u>
	2,100,509	1,993,800
Less: Accumulated Depreciation	<u>1,133,760</u>	<u>1,081,849</u>
	<u>\$ 966,749</u>	<u>\$ 911,951</u>

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statement of cash flow, the Authority considers cash in banks, deposits and short-term investments with maturities of less than three months at the time of purchase to be cash and cash equivalents. All CD's with financial institutions are considered investments.

Investments

Investments are stated at fair value.

Accounts Receivable

The Authority considers all accounts receivables to be fully collectible; no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Allocation of Costs Between Water and Sewer

The Authority does not maintain its records in a way which facilitates the determination of the costs relating to water and sewer services. For budgeting purposes a percentage allocation of 63% for sewer and 37% for water was used.

Compensated Absences

The Authority employs several part-time operators. The liability for unused sick pay and/or vacation pay is considered insignificant.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles 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.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director prior to the beginning of the Authority's fiscal year for approval prior to its adoption.

The budget must comply with the terms and provisions of any security agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

(4) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are summarized as follows:

	<u>Unrestricted</u>
January 31, 2022:	
Cash and Cash Equivalents	<u>\$1,061,509</u>
January 31, 2021:	
Cash and Cash Equivalents	<u>\$981,061</u>

The cash on deposit of the Authority is partially insured by the Federal Deposit Insurance Corporation in the amount of \$250,000 in each bank depository. Balances above the federal depository insurance amount are insured by the State of New Jersey Governmental Unit Deposit Protection Act (GUDPA). The Authority does not have a policy for either credit risk or custodial credit risk. However, it is the Authority's policy only to invest with banks that are approved by the board. The Authority does not have a policy to limit interest rate risk.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(6) PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment is summarized as follows:

	Balance January 31, 2021	Increase	Decrease	Balance January 31, 2022
Sewer Plant and Mains	\$ 514,669			\$ 514,669
Well	56,167			56,167
Other Equipment and Improvements	<u>1,422,964</u>	<u>\$106,706</u>	<u> </u>	<u>1,529,673</u>
Total Fixed Assets	\$1,993,800	\$106,709		\$2,100,509
Less: Accumulated Depreciation	<u>1,081,849</u>	<u>51,911</u>	<u>\$ -0-</u>	<u>1,133,760</u>
	<u>\$ 911,951</u>	<u>\$ 54,798</u>	<u>\$ -0-</u>	<u>\$ 966,749</u>

(7) NET POSITION

The components of net position as of January 31 are as follows:

	<u>Jan. 31, 2022</u>	<u>Jan. 31, 2021</u>
Net Position:		
Net Investment in Capital Assets	\$ 966,749	\$ 911,951
Unrestricted:		
Capital Projects	923,205	774,205
Operating	122,656	187,587
Net Pension Liability	<u>(24,963)</u>	<u>(25,908)</u>
Total Net Position	<u>\$1,987,647</u>	<u>\$1,847,835</u>

The Authority has established a Capital Projects Fund to set aside funds for major improvements. Actual cash is not kept in a separate account but is co-mingled with several unrestricted cash, money market and certificate of deposit accounts.

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit; in which case, benefits would begin the first day of the month after the member attains normal retirement age.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 7.5% of their base salary and employers contribute 3.0%.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2019, PERS provides for employee contributions of 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Certain portions of the cost are contributed by the employees. The Authority's share of pension costs, which is based upon the annual billings received from the State, at January 31, 2022 and 2021, the Authority was required to contribute \$1,839 and \$1,738 respectively.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

(9) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

At June 30, 2021, the State reported a net pension liability of \$18,603 for the Authority's proportionate share of the total net pension liability. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 employers, actuarially determined. At June 30, 2021, the Authority's proportion was 0.0001570297 percent, which was a decrease of 0.0000018442 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the State recognized an actuarially determined pension expense/(benefit) of (\$121) for the Authority's proportionate share of the total pension expense. The pension expense recognized in the Authority's financial statement based on the April 1, 2021 billing was \$1,738.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(9) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS)

At June 30, 2021, amounts reported by the State as the Authority's reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 293	\$ 133
Changes of assumptions	97	6,623
Net difference between projected and actual earnings on pension plan investments		4,900
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,737	831
Authority contributions subsequent to the measurement date	<u>1,073</u>	<u> </u>
	<u>\$7,200</u>	<u>\$12,487</u>

The \$1,073 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(9) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2022	\$(3,408)
2023	(2,153)
2024	(1,156)
2025	(625)
2026	<u>982</u>
	<u><u>\$(6,359)</u></u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

	<u>June 30, 2021</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.00-6.00%
	based on years of service
Thereafter	3.00-7.00%
	based on years of service
Investment Rate of Return	7.00%

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(9) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(9) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 (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 weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasury's	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(9) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 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, 2021. 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 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 Authority's proportionate share of net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability of the participating employers as of June 30, 2021 respectively, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	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 net pension liability	\$25,603	\$18,603	\$13,028

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

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(10) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS - GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. Net OPEB liability obligations are non-pension benefits that the Authority has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the Authority is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Authority is not required to recognize any long-term obligations resulting from the net OPEB liability on their financial statements.

Plan Description and Benefits Provided

The Authority participates in a cost-sharing, defined benefit post-employment healthcare plan currently administered by Horizon Blue Cross Blue Shield. The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. The plan is administered through the Delaware Township who is liable for the Authorities liability related to these benefits. No amounts have been recorded for the liability for these benefits. There are currently no retiree's who meets this requirement and is receiving benefits.

Contributions

The Authority's contributions to the plan for the years ended January 31, 2022, 2021 and 2020 were \$-0-, \$-0- and \$-0-, respectively, which equaled the required contributions for each year.

(11) TOWER SITE LEASE

The Authority is party to a 25 year lease to rent a small parcel of land for a tower to be used for wireless communication equipment. The minimum base rent is \$21,650 per year payable quarterly, with annual increases of 3% of the prior year minimum base rent. In addition, the Authority is entitled to 50% of any gross revenue from sub-tenants of the tower site. The lease can be terminated by the tenant with six months written notice. Rental income was \$142,589 and \$141,444 for the years ended January 31, 2022 and 2021, respectively.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

(12) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through September 23, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

(13) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At January 31, 2022, in the opinion of management, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

SUPPLEMENTARY INFORMATION

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net Pension</u> <u>Liability (Asset)</u>	<u>Authority's</u> <u>Proportionate</u> <u>Share of</u> <u>the Net Pension</u> <u>Liability (Asset)</u>	<u>Authority's</u> <u>Covered-Employee</u> <u>Payroll</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net Pension</u> <u>Liability (Asset)</u> <u>as a percentage</u> <u>of it's Covered-</u> <u>Employee Payroll</u>	<u>Plan Fiduciary</u> <u>Net Position</u> <u>as a percentage</u> <u>of the total</u> <u>Pension Liability</u>
2014	0.0000976485%	\$ 18,282	\$ 6,896	265.11%	52.08%
2015	0.0001001475%	\$ 22,481	\$ 7,048	318.97%	47.93%
2016	0.0001024330%	\$ 30,338	\$ 7,200	421.36%	40.14%
2017	0.0001039515%	\$ 24,198	\$ 7,352	329.13%	48.10%
2018	0.0001024500%	\$ 20,172	\$ 7,504	268.82%	53.60%
2019	0.0001618167%	\$ 29,157	\$ 11,725	248.67%	56.27%
2020	0.0001588739%	\$ 25,908	\$ 11,500	225.29%	58.32%
2021	0.0001570297%	\$ 18,603	\$ 11,125	167.22%	42.18%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Authority's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 805	\$ 805	\$ -0-	\$ 6,896	11.67%
2015	\$ 861	\$ 861	\$ -0-	\$ 7,048	12.22%
2016	\$ 910	\$ 910	\$ -0-	\$ 7,200	12.64%
2017	\$ 963	\$ 963	\$ -0-	\$ 7,352	13.10%
2018	\$ 1,019	\$ 1,019	\$ -0-	\$ 7,504	13.58%
2019	\$ 1,574	\$ 1,574	\$ -0-	\$ 11,725	13.42%
2020	\$ 1,738	\$ 1,738	\$ -0-	\$ 11,500	15.11%
2021	\$ 1,839	\$ 1,839	\$ -0-	\$ 11,125	16.53%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE YEAR ENDED JANUARY 31, 2022

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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.

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS
FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
JANUARY 31, 2022

	<u>2022</u> <u>BUDGET</u>	<u>2022</u> <u>ACTUAL</u>
Revenues:		
User Charges and Fees	\$ 301,000	\$ 302,578
Delinquent Penalties	500	363
Interest Income	1,000	1,073
Rents - Cell Tower	140,000	142,589
Capital Fees	500	370
Miscellaneous Income	<u>15,302</u>	<u>15,302</u>
Total Revenues	<u>443,000</u>	<u>462,275</u>
Expenses:		
Professional	3,000	4,342
Legal	2,000	2,723
Engineering	45,000	14,315
Accounting	15,000	14,000
Insurance	20,000	11,797
Contract Services	5,000	10,079
Postage	2,000	1,801
Telephone	<u>2,000</u>	<u>1,742</u>
Total Administrative and General	<u>94,000</u>	<u>60,799</u>
Salaries and Wages	44,000	50,794
Payroll Taxes and Benefits	6,000	4,618
Payroll Service	2,000	3,951
Sludge Removal	30,000	14,109
Repairs and Maintenance	26,000	21,930
Electric	18,000	15,169
Chemicals	13,000	8,686
Materials and Supplies	1,000	3,840
Permit Fees	5,000	6,720
Inspections	2,000	
Propane	2,000	2,012
Water and Sewer Operations	50,000	75,726
Miscellaneous	<u>1,000</u>	<u>2,344</u>
Total Costs of Providing Services	<u>200,000</u>	<u>209,899</u>
Reserve - Capital Projects	149,000	
TOTAL COSTS FUNDED BY OPERATING REVENUES	<u>443,000</u>	<u>270,698</u>
EXCESS (DEFICIENCY) OF REVENUES OVER COSTS	<u>\$ -</u>	<u>\$ 191,577</u>

DELAWARE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

JANUARY 31, 2022

GENERAL COMMENTS AND RECOMMENDATIONS

NONE