

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**County of Burlington**

**REPORT OF AUDIT**  
**For the Years Ended**  
**December 31, 2023 and 2022**

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**

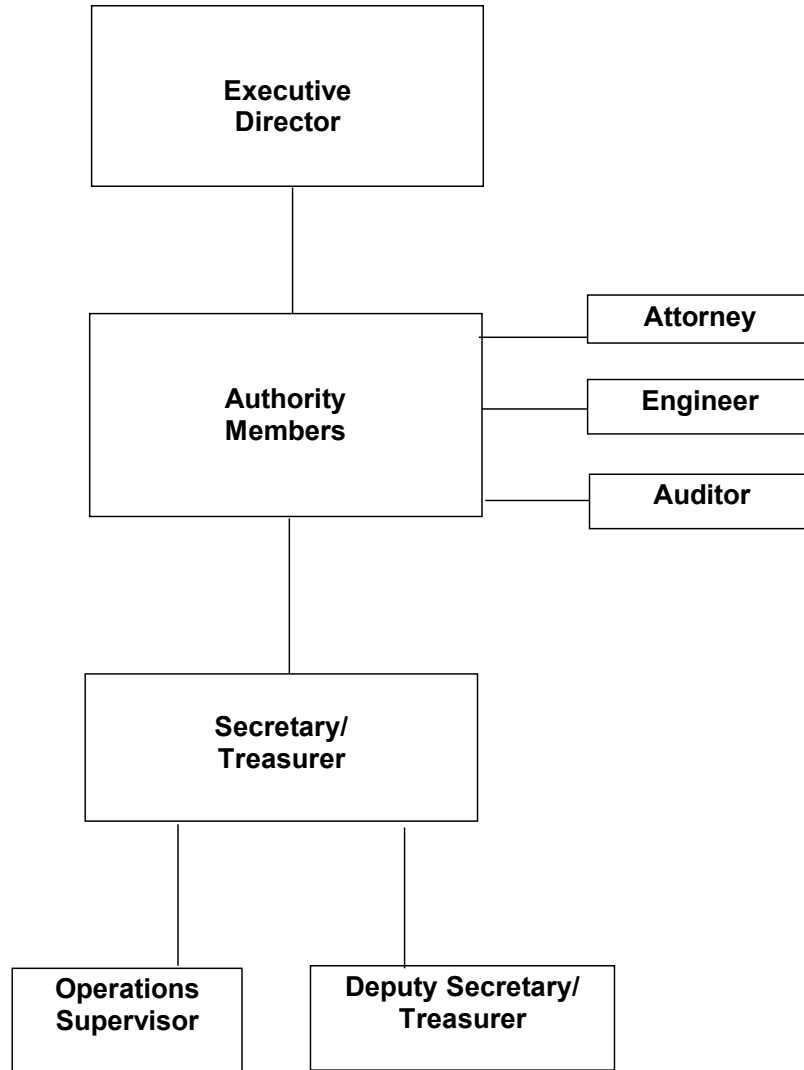
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## **Introductory Section**

# DELANCO TOWNSHIP SEWERAGE AUTHORITY

## Organizational Chart



# DELANCO TOWNSHIP SEWERAGE AUTHORITY

## Roster of Officials December 31, 2023

### Members of the Authority

### Term Expires

Thomas Fynan, Chairperson

2023

Kate Fitzpatrick

2026

Mancer Cyr

2024

Bill Matulewicz

2026

Phillip Jenkins

2027

### Other Officials:

Brandi-Lyn Mochernuk, Secretary/Treasurer

Thomas J. Coleman, III, Esq., Solicitor

**DELANCO TOWNSHIP SEWERAGE AUTHORITY  
Consultants and Advisors**

**Audit Firm**

Inverso & Stewart, LLC  
651 Route 73 North, Suite 402  
Marlton, NJ 08053

**Attorney**

Thomas Coleman III, Esq.  
Raymond Coleman Heinold LLP  
325 New Albany Road  
Moorestown, NJ 08057

**Engineer**

Environmental Resolutions  
525 Fellowship Road, Suite 300  
Mount Laurel, NJ 08054

**Official Depository**

First Bank  
Delanco, NJ 08075

**Financial Section**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants**

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-Member of-  
American Institute of CPAs  
New Jersey Society of CPAs

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Chairman and  
Members of the Delanco Township Sewerage Authority  
Township of Delanco  
County of Burlington  
Delanco, New Jersey 08075

### **Report on the Audit of the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of the Delanco Township Sewerage Authority (the "Authority") in the County of Burlington, State of New Jersey, a component unit of the Township of Delanco, as of and for the fiscal years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2023 and 2022, and the changes in financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### ***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.

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division 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, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, I:

- 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 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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, budgetary comparison information, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's contributions, schedule of the State's proportionate share of the net OPEB liability associated with the Authority and changes in the total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and supplementary schedules but does not include the basic financial statements and my auditor’s report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated August 30, 2024, on my consideration of the Authority’s internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Authority’s internal control over financial reporting and compliance.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant No. 436

Marlton, New Jersey  
August 30, 2024

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants**

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## **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***

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable Chairman and  
Members of the Delanco Township Sewerage Authority  
Township of Delanco  
County of Burlington  
Delanco, New Jersey 08075

I 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Delanco Township Sewerage Authority, (Authority), in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated August 30, 2024.

#### ***Report on Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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 Authority'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, I 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 statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant No. 436

Marlton, New Jersey  
August 30, 2024

Required Supplementary Information - Part I  
Management's Discussion and Analysis

**Delanco Township Sewerage Authority  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023**

As management of the Delanco Township Sewerage Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority for the year ended December 31, 2023. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Basic Financial Statements**

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The Authority operates one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

The statement of net position presents information about all of the Authority's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenue, expenses and changes in net position presents information showing how the net position of the Authority changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

The statement of cash flows reports cash and cash equivalent activities for the year resulting from operating activities and investing activities. The net result of these activities added to the beginning of the year cash balance total to the cash and cash equivalent balance at the end of the current year.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Delanco Township Sewerage Authority**  
**Statement of Net Position**  
**For the Year Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current	\$ 2,043,947	\$ 2,110,403
Capital Assets	2,792,808	2,875,799
Total Assets	4,836,755	4,986,202
<b>Deferred Outflows of Resources</b>		
Deferred Outflows of Resources		
Pensions and OPEB	105,360	47,775
<b>Liabilities</b>		
Current Liabilities	192,830	327,733
Noncurrent Liabilities	273,229	302,416
Total Liabilities	466,059	630,149
<b>Deferred Inflows of Resources</b>		
Deferred Inflows of Resources		
Pensions and OPEB	273,434	371,129
<b>Net Position</b>	<b>\$ 4,202,622</b>	<b>\$ 4,032,699</b>
Net Position Consist of:		
Invested in Capital Assets	\$ 2,655,008	\$ 2,609,547
Deisgnated to Subsequent Year	215,000	394,400
Unrestricted	1,332,614	1,028,751
Net Position	<b>\$ 4,202,622</b>	<b>\$ 4,032,698</b>

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$4,202,622 (*net position*).
- The total net position of the Authority increased by \$169,924 or a 4.21% increase from the prior year net position balance. The increase is attributable to a decrease in the contract with Beverly Sewerage Authority.

**Delanco Township Sewerage Authority**  
**Changes in Net Position**  
**For the Year Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program Revenues		
Charges for services	\$ 1,009,201	\$ 1,032,669
Connection Fees		39,451
Penalties on Delinquent Rents	20,965	17,961
Reserve for Debt Service	62,000	61,000
Other revenue	14,135	2,980
Nonoperating Revenues:		
Amortization of premium	2,908	6,981
Interest revenue	16,096	3,755
Total Revenues	<u>1,125,305</u>	<u>1,164,797</u>
<b>Expenses</b>		
Administration		
Salaries	67,142	62,740
Fringe Benefits	12,593	37,020
Other Expenses	59,012	54,570
Cost of Providing Services		
Salaries	53,332	50,854
Operating and Maintenance	670,838	522,131
Depreciation	89,539	89,540
Interest on Debt	2,925	7,942
Total Expenses	<u>955,381</u>	<u>824,797</u>
Increase in Net Position	169,924	340,000
Net Position, January 1,	<u>4,032,698</u>	<u>3,692,698</u>
Net Position, December 31,	<u>\$ 4,202,622</u>	<u>\$ 4,032,698</u>

The sewer collection rate decreased from 90.04% in 2022 to 89.97% in 2023.

The Authority is relying on the Unrestricted Net Position to balance the budget. In the 2023 Budget, the Authority appropriated \$394,400 of available unrestricted net position, whereas in the 2024 Budget, the Authority appropriated \$215,000 of available unrestricted net position.



**Delanco Township Sewerage Authority  
Capital Assets (net of accumulated depreciation)  
For the Year Ended December 31, 2023 and 2022**

**Capital Assets**

The Authority’s capital assets as of December 31, 2023, totaled \$2,792,807 (net of accumulated depreciation) which represents a decrease of \$82,992 when compared to December 31, 2022. The net decrease resulted from an increase in construction in progress of \$6,547 and a decrease of \$89,539 in depreciation.

	<b>2023</b>	<b>2022</b>
Capital Assets	\$ 2,792,807	\$ 2,875,799
Total	\$ 2,792,807	\$ 2,875,799

The Authority’s capital expenditures are expected to increase based on the five year capital program adopted along with the annual budget for the year ending December 31, 2023.

Additional information on the Authority’s Capital Fixed Assets can be found in Note 5 in the Notes to the Financial Statements.

**Long-Term Debt**

The Authority’s long-term debt at December 31, 2023 was \$2,442, a decrease of \$137,929 when compared to the balance at December 31, 2022 in the amount of \$140,371. The decrease is primarily due to the repayment of debt principal and the amortization of premium.

The outstanding debt consists of \$2,442 of compensated absences on unused sick and vacation time.

Additional information on the Authority’s long-term debt can be found in Notes 6 and 10 in the Notes to the Financial Statements.

**Next Year’s Budget and User Rates**

The Delanco Township Sewerage Authority adopted a budget of \$1,016,000 for 2024 which is a decrease of \$171,400 when compared to the 2023 Budget. User rates for 2024 will remain the same as the previous year.

In conclusion, the Delanco Township Sewerage Authority has committed itself to providing excellent service to their consumers. The Authority plans to continue its sound fiscal management to meet the challenges of the future.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority’s finances for all those with an interest in the Authority. Questions concerning any of the information provided in this report may be directed to the Secretary/Treasurer of the Authority at 770 Coopertown Road, Delanco, New Jersey 08078 (856) 461-6876.

## Basic Financial Statements

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Comparative Statements of Net Position**  
**As of December 31, 2023 and 2022**

	December 31,	
	2023	2022
<b>ASSETS:</b>		
Current Assets:		
Revenue/Operating Account:		
Cash and Cash Equivalents	\$ 1,923,263	\$ 1,903,533
Consumer Accounts Receivable	112,622	113,388
Due from the City of Beverly Sewerage Authority	8,062	93,481
Total Current Assets	2,043,947	2,110,402
Non-Current Assets:		
Property, Plant and Equipment:	5,190,277	5,183,729
Less Accumulated Depreciation	(2,397,469)	(2,307,930)
Total Property, Plant and Equipment:	2,792,808	2,875,799
 Total Assets	 4,836,755	 4,986,201
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Related to Pensions	38,425	8,314
Related to OPEB	66,935	39,461
Total Deferred Outflows of Resources	105,360	47,775
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,942,115</b>	<b>\$ 5,033,976</b>

Continued

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Comparative Statements of Net Position**  
**As of December 31, 2023 and 2022**

	December 31,	
	2023	2022
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts Payable - Operations	\$ 21,552	\$ 31,116
Accounts payable related to pensions	9,810	6,942
NJIB Temporary Construction Loan Advance	137,800	131,252
Service Charges Overpayments	6,722	3,104
Financed Purchase Obligations - Current Portion	-	135,000
Accrued Bond and Loan Interest Payable	-	2,475
Payroll Deductions Payable	1,077	1,137
Escrow Deposits	15,869	16,707
	<u>192,830</u>	<u>327,733</u>
Total Current Liabilities		
Non-Current Liabilities		
Reserve for Debt Service	-	62,000
Unamortized Premium on Financed Purchase Obligations	-	2,909
Compensated Absences Payable	2,443	2,462
Net Pension Liability	106,314	83,077
Net OPEB Liability	164,472	151,968
	<u>273,229</u>	<u>302,416</u>
Total Non-Current Liabilities		
Total Liabilities	<u>466,059</u>	<u>630,149</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Related to Pensions	84,059	157,552
Related to OPEB	189,375	213,577
	<u>273,434</u>	<u>371,129</u>
Total Deferred Inflows of Resources		
<b>NET POSITION:</b>		
Net Investment in Capital Assets	2,655,008	2,609,547
Unrestricted:		
Restricted	215,000	394,400
Unrestricted	1,332,614	1,028,751
	<u>1,547,614</u>	<u>1,423,151</u>
Total Unrestricted		
Total Net Position	<u>4,202,622</u>	<u>4,032,698</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 4,942,115</u>	<u>\$ 5,033,976</u>

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

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2023 and 2022**

December 31,

	2023	2022
<b>Operating Revenues:</b>		
Service Charges	\$ 1,009,201	\$ 1,032,669
Connection Fees		39,451
Penalties on Delinquent Rents	20,965	17,961
Reserve for Debt Service	62,000	61,000
Miscellaneous	14,135	2,980
Total Operating Revenue	<u>1,106,301</u>	<u>1,154,061</u>
<b>Operating Expenses:</b>		
Administration Expenses:		
Salaries and Wages	67,142	62,740
Fringe Benefits	12,593	37,020
Other	59,012	54,570
Total Administration Expenses	<u>138,747</u>	<u>154,330</u>
Cost of Providing Services:		
Salaries and Wages	53,332	50,854
Other	670,838	522,131
Total Cost of Providing Services	<u>724,170</u>	<u>572,985</u>
Depreciation	<u>89,539</u>	<u>89,540</u>
Total Operating Expenses	<u>952,456</u>	<u>816,855</u>
Operating Income (Loss)	<u>153,845</u>	<u>337,206</u>
<b>Non-Operating Revenue (Expenses):</b>		
Amortization of Premium on Financed Purchase Obligations	2,908	6,981
Bond Interest	(2,925)	(7,942)
Investment Income	16,096	3,755
Total Non-Operating Revenue (Expenses)	<u>16,079</u>	<u>2,794</u>
Change in Net Position	169,924	340,000
Net Position - Beginning of Year	<u>4,032,698</u>	<u>3,692,698</u>
Net Position - End of Year	<u>\$ 4,202,622</u>	<u>\$ 4,032,698</u>

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

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	December 31,	
	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers	\$ 1,034,549	\$ 1,082,902
Receipts from Other Operating Revenue	107,616	15,942
Payments to Employees	(120,474)	(113,594)
Payments for Employee Benefits	(63,468)	(35,127)
Payments to Suppliers	(814,189)	(896,919)
	144,034	53,204
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital Acquisitions	(6,548)	(131,252)
Debt Service:		
Principal	(135,000)	(130,000)
Interest	(5,400)	(10,600)
NJEIT Loan Advance	6,548	131,252
	(140,400)	(140,600)
<b>Cash Flows from Investing Activities:</b>		
Interest and dividends	16,096	3,755
Net Increase (Decrease) in Cash and Cash Equivalents	19,730	(83,641)
Cash and Cash Equivalents - Beginning	1,903,533	1,987,174
Cash and Cash Equivalents - Ending	\$ 1,923,263	\$ 1,903,533
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 153,845	\$ 337,206
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	89,539	89,540
(Increase) Decrease in Consumer Accounts Receivable	766	(7,171)
(Increase) Decrease in Due from Beverly Sewerage Authority	85,419	(93,481)
(Increase) Decrease in Reserve for Debt Service	(62,000)	(61,000)
Increase (Decrease) in Escrow Deposits	(838)	(3,986)
Increase (Decrease) in Overpayments	3,618	(9)
Increase (Decrease) in Accounts Payable	(9,564)	7,024
Increase (Decrease) in Compensated Absences Payable	(19)	(171)
Increase (Decrease) in Payroll Deductions Payable	(60)	476
Increase (Decrease) in Due to Beverly Sewerage Authority		(109,779)
Increase (Decrease) in Pension Liability	(77,499)	(70,145)
Increase (Decrease) in OPEB Liability	(39,173)	(35,300)
Net Cash Provided by (Used for) Operating Activities	\$ 144,034	\$ 53,204

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

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Township of Delanco is located in the western portion of the County of Burlington, State of New Jersey. The present population according to the 2020 State population estimate is 4,426.

The Township, by ordinance, created the Delanco Township Sewerage Authority (the Authority). The Authority is organized under the provisions of P.L. 1957 C. 138 of the Laws of the State of New Jersey (the Act). The Act grants power to every municipality of the State by means and through agency of a municipal utilities authority to acquire, construct, maintain, operate or improve works for the accumulation, supply or distribution of water and works for the collection, treatment, purification or disposal of sewerage or other wastes. A five-member board governs the Authority. The Township Committee of the Township of Delanco appoints the members to the Sewerage Authority Board for a term of five years on a staggered basis. The members of the Board oversee the Authority's operations.

The Authority operates and maintains a sewage collection system within the municipal boundaries of the Township of Delanco. The sewerage is then passed on to the City of Beverly Sewer Authority system for treatment of all waste materials.

The Authority bills and collects for its services from all customers and is entitled to a connection fee for new hook-ups.

**Component Unit**

The Delanco Township Sewerage Authority is a component unit of the Township of Delanco as described in Governmental accounting standards Board statement No. 14, *The Financial reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. These financial statements would be either blended or discreetly presented as part of the Township's financial statement if the Township reported using generally accepted accounting principles applicable to governmental entities.

GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above.

**Basis of Presentation**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Sewer service charges are recognized as revenue when services are provided and are billed. Connection fees are collected in advance and, accordingly, the Authority defers revenues until the Authority issues a release for certificate of occupancy and determines that sewerage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**Budgets/Budgetary Accounting** - The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. This statute requires that the governing body introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's calendar year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense and amortization of bond issuance costs are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The budget, as detailed on Exhibit B-1 includes all amendments to the adopted budget.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at market value.



**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash, Cash Equivalents and Investments (Continued)** - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies. N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Authority requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Inventories of Supplies** - The costs of inventories of supplies are recorded as expenditures at the time individual items are purchased. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the Statement of Net 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.

In addition to liabilities, the Statement of Net 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.

**Property, Plant and Equipment** – Property, Plant and Equipment primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets are stated at actual or estimated historical cost.

Costs incurred are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Property, Plant and Equipment – Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Depreciation** - Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Buildings	30-40
Major Moveable Equipment	5-20
Vehicles	7
Infrastructure	40

**Bond Issuance Costs and Bond Premium** - Issuance costs incurred and premiums received in conjunction with the financed purchase obligation with the Burlington County Bridge Commission are deferred and amortized over the term of the bonds using the straight line method.

Balance December 31, 2023	Premium
Premium Received	\$ 139,612
Accumulated Amortization	139,612
Unamortized Balance	\$ -
Current Amortized Balance	\$ -

**Unearned Revenue** - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

**Net Position** - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

**Net Investment in Capital Assets** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

**Restricted** – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

**Unrestricted** – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Income Taxes** - The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Operating and Non-Operating Revenues and Expenses** - Operating revenues include all revenues derived from facility charges (i.e., sewer revenues) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and certificates of deposit.

Operating expenses include expenses associated with the operation, maintenance and repair of the sewer system and general administrative expenses. Non-operating expenses principally include expenses attributable to debt service interest.

**Use of Estimates** - Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles –**

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

In June 2022 the GASB issued Statement 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

In June 2022 the GASB issued Statement 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Compliance with finance related legal and contractual provisions**

The Authority has no material violations of finance related legal and contractual provisions.

**Other Restricted Accounts**

The Authority maintains an escrow fund to hold monies that are being held in trust for others.

**NOTE 3. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the Authority’s deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the Authority relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the Authority’s amount on deposit of \$1,927,326 as of December 31, 2023, \$250,000 was insured under FDIC and the remaining balance of \$1,677,326 was collateralized under GUDPA.

**Delanco Township Sewerage Authority  
Notes to Basic Financial Statements  
For the Year Ended December 31, 2023**

**NOTE 4. SEWER SERVICE CHARGES**

The following is a five-year comparison of sewer service fee billings and the related collections.

<b>Year Ending Dec. 31,</b>	<b>Beginning Balance</b>	<b>Consumer Charges</b>	<b>Total</b>	<b>Collections</b>	<b>Percentage of Collections</b>
2023	\$ 113,388	\$ 1,009,201	\$ 1,122,589	\$ 1,009,967	89.97%
2022	106,217	1,032,669	1,138,886	1,025,498	90.04%
2021	98,860	1,006,021	1,104,881	998,664	90.39%
2020	108,909	969,535	1,078,444	979,584	90.83%
2019	120,667	934,827	1,055,494	946,585	89.68%

**NOTE 5. PROPERTY, PLANT AND EQUIPMENT**

During the year ended December 31, 2023, the following changes in Property, Plant and Equipment occurred:

	<b>Balance Dec. 31, 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance Dec. 31, 2023</b>
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 131,252	\$ 6,548	\$ -	\$ 137,800
Capital Assets, Being Depreciated:				
Machinery and Equipment	46,695	-	-	46,695
Infrastructure	5,005,782	-	-	5,005,782
Total Assets Being Depreciated	5,052,477	-	-	5,052,477
Less Accumulated Depreciation	(2,307,930)	(89,539)	-	(2,397,469)
Total Capital Assets Being Depreciated	\$ 2,744,547	\$ (89,539)	\$ -	\$ 2,655,008
Net Capital Assets	\$ 2,875,799	\$ (82,991)	\$ -	\$ 2,792,808

**NOTE 6. COMPENSATED ABSENCES**

The Authority sewer supervisor is the only employee entitled to receive paid unused sick leave. Unused sick leave days may be accumulated and carried forward to subsequent years. Upon separation from service or retirement the supervisor is permitted to be compensated for accumulated unused sick leave, at a rate of 50% of its current value. The accrued liability for accumulated sick leave at December 31, 2023 is estimated at \$2,443.

**NOTE 7. PENSION PLANS**

**Public Employees' Retirement System (PERS)**

Substantially all of the Authority's employees participate in the Public Employees' Retirement System (PERS) which is administered by the New Jersey Division of Pensions and Benefits (Division). In addition, Authority employees may participate in the Defined Contribution Retirement Program (DCRP), which is a defined pension plan. The DCRP is administered by Empower on behalf of the Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS pension plan's fiduciary net position. That report may be obtained by writing to or at the following website: the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295, <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

**Delanco Township Sewerage Authority  
Notes to Basic Financial Statements  
For the Year Ended December 31, 2023**

**NOTE 7. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

*Plan Description* - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS. For additional information about PERS, please refer to Division's annual financial statements, which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

*Vesting and Benefit Provisions* - 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 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<sup>th</sup> 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<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, 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 their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2023. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Authority's contractually required contribution to the pension plan for the fiscal year ended December 31, 2023 was \$9,810 and was paid by April 1, 2024. Authority employee contributions to the pension plan during the fiscal year ended December 31, 2023 were \$3,134.

The Authority is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Total Liability Paid by District
2023	\$ 1,741	\$ 7,655	\$ 414	\$ 9,810
2022	762	5,242	290	6,294
2021	660	4,842	279	5,781

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 7. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At December 31, 2023, the Authority reported a liability of \$106,314 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportion of the 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.

For the year ended December 31, 2023, the Authority recognized pension expense of (\$60,747). At December 31, 2023, the Authority reported a liability of \$106,314 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,016	\$ 435
Changes of assumptions	234	6,443
Net Difference between projected and actual earnings on pension plan investments	490	-
Changes in proportion	26,875	77,181
District contributions subsequent to the measurement date	9,810	
<b>Total</b>	<b>\$ 38,425</b>	<b>\$ 84,059</b>

\$9,810 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the Authority year ending December 31, 2023, the plan measurement date is June 30, 2023) will be recognized as a reduction of the net liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2024	\$ (15,516)
2025	(13,036)
2026	(5,525)
2027	(10,686)
2028	(10,681)
<b>Total</b>	<b>\$ (55,444)</b>

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 7. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-

**Additional Information**

Collective balances for local employers at June 30, 2023 and 2022 are as follows:

	<u>6/30/2023</u>	<u>6/30/2022</u>
Collective deferred outflows of resources	\$ 1,080,204,730	\$ 1,660,772,008
Collective deferred inflows of resources	\$ 1,780,216,457	\$ 3,236,303,935
Collective net pension liability	\$ 14,484,374,047	\$ 15,091,376,611
Authority's Proportion	.0007339918%	.0005504945%

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 7. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

*Actuarial assumptions* - The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

This actuarial valuation used the following actuarial 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%

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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
Total	<u>100.00%</u>	



**Delanco Township Sewerage Authority  
Notes to Basic Financial Statements  
For the Year Ended December 31, 2023**

**NOTE 7. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

*Discount rate.* The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2023. 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 nonemployer contributing entity will be made 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 all projected benefit payments to determining the total pension liability.

*Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Authority's proportionate share of the net pension liability measured as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority's proportionate share of the net pension liability	\$ 138,398	\$ 106,314	\$ 79,006

*Pension Plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Defined Contribution Retirement Program (DCRP)**

The Defined Contribution Retirement Program was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Empower on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Authority's contribution for each pay period are transmitted to Empower not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Authority employees enrolled in the DCRP for the years ended December 31, 2023, 2022, and 2021.

**NOTE 8. 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; employee health and accident claims; and natural disasters. The Authority has chosen to purchase insurance to transfer risk to outside parties.

**Property and Liability Insurance** – The Authority maintains commercial insurance for all risks of loss, including property, liability, employee health, accident insurance and public official surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

The Authority has adopted a resolution to participate in the SHBP.

Funding policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Postretirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Delanco Township Sewerage Authority  
Notes to Basic Financial Statements  
For the Year Ended December 31, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. For the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2023 and 2022 were \$164,472 and \$151,968, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022 through June 30, 2023.

Components of net OPEB liability:

The components of the collective net OPEB liability of the participating employers in the SHBP as of December 31, 2023 and 2022 were as follows:

	2023	2022
Total OPEB liability	\$ 163,190	\$ 151,416
Plan fiduciary net position	(1,282)	(552)
Net OPEB liability	\$ 164,472	\$ 151,968

Plan fiduciary net position as a percentage of the

total OPEB liability	-0.79%	-0.36%
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*Actuarial assumptions and other imputes* - The total OPEB liability as of the June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary increases	
Rate for all future years	2.75% to 6.55% based on years of service
Mortality	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

*Discount Rate* - The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

*Changes in the Total OPEB Liability reported by the State of New Jersey:*

	Total OPEB Liability
Balance as of June 30, 2022 Measurement Date	\$ 16,090,925,144
Changes for the years'	
Service Cost	\$ 597,135,801
Interest	581,375,849
Changes of Benefit Terms	23,039,435
Differences Between Expected and Actual Experience	(2,123,324,632)
Changes in Assumptions	255,103,873
Contributions from the Non-employer	N/A
Contributions from the Member	62,414,616
Gross Benefit Payments	(597,093,300)
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (1,201,348,358)
Balance at 06/30/2023	\$ 14,889,576,786
Plan fiduciary net position	\$ (116,962,691)
Net OPEB Liability	\$ 15,006,539,477

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of June 30, 2022 to 3.54% as of June 30, 2023.

*Sensitivity of the Net OPEB liability to changes in the discount rate* - The following presents the collective net OPEB liability of the participating employers and the proportionate share attributable to the Authority as of June 30, 2023 and June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective and municipal net OPEB 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 discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
<b>June 30, 2023</b>			
Proportionate Share Attributable to the Authority	\$ 190,511	\$ 164,472	\$ 143,528
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
<b>June 30, 2022</b>			
Proportionate Share Attributable to the Authority	\$ 176,162	\$ 151,968	\$ 132,502

**Delanco Township Sewerage Authority  
Notes to Basic Financial Statements  
For the Year Ended December 31, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

Proportionate Share Attributable

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates* - The following presents the net OPEB liability as of June 30, 2023 and June 30, 2022, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

<b>June 30, 2023</b>	<b>1% Decrease</b>	<b>Current Healthcare cost trend rate</b>	<b>1% Increase</b>
Proportionate Share Attributable to the Authority	\$ 139,782	\$ 164,472	\$ 196,083

<b>June 30, 2022</b>	<b>1% Decrease</b>	<b>Current Healthcare cost trend rate</b>	<b>1% Increase</b>
Proportionate Share Attributable to the Authority	\$ 128,919	\$ 151,968	\$ 181,487

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* For the year ended June 30, 2023, the Authority recognized OPEB (benefit)/expense of (\$33,834) determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Authority's proportionate share of retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired local government employee's OPEB from the following sources:

	<u>06/30/23</u>
Collective deferred outflows of resources	\$ 9,133,524,491
Collective deferred inflows of resources	14,817,220,551
Collective net OPEB liability (Non-Employer – State of New Jersey)	15,006,539,477
State's portion of the net OPEB liability that was associated with the Authority	164,472
State's portion of the net OPEB liability that was associated with the Authority as a percentage of the collective net OPEB liability	.001096%

**Delanco Township Sewerage Authority**  
**Notes to Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and referred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Net differences between projected and actual investment earnings on OPEB plan investments	\$ -	\$ 27	\$ 40	\$ -
Changes of assumptions	21,305	46,491	20,281	51,864
Differences between expected and actual experience	7,585	44,665	7,848	28,168
Changes in proportion	38,045	98,192	11,292	133,545
<b>Total</b>	<b>\$ 66,935</b>	<b>\$ 189,375</b>	<b>\$ 39,461</b>	<b>\$ 213,577</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Authority’s retired local government employee’s OPEB will be recognized in OPEB expense as follows:

For the year ended: December 31, 2023	
2024	\$ (36,675)
2025	(30,039)
2026	(16,251)
2027	(7,618)
2028	(15,377)
Thereafter	(16,480)
<b>Total</b>	<b>\$ (122,440)</b>

**NOTE 10. LONG-TERM LIABILITIES**

**New Jersey Infrastructure Bank Temporary Financing**

On April 5, 2022, the Authority was awarded a construction loan in the amount of \$1,582,000 by the New Jersey Infrastructure Bank for a sewer lining project. The loan carries an interest rate of 0.341%. As of December 31, 2023, the Authority drew down \$137,800 of the construction loan. The drawdown on this loan is reflected as a current liability in the financial statements. At the completion of the construction period, the loan will be converted into a long-term loan.

**NOTE 11. TREATMENT AND DISPOSAL AGREEMENT**

The Authority has entered into an agreement with the City of Beverly Sewerage Authority which provides for the treatment and disposal of sewerage and other waste collected in the Township of Delanco. This agreement expires September 30, 2038 however it will automatically be extended for another twenty (20) year period, provided both parties agree. The agreement stipulates that Delanco Township Sewerage Authority’s share of operational and capital costs be based on the rate of flow contributed by the Township of Delanco. During the years ended December 31, 2023 and 2022, the Delanco Township Sewerage Authority paid the City of Beverly Sewerage Authority \$478,785 and \$531,968 respectively, in accordance with this agreement.

Required Supplementary Information - Part II

## DELANCO TOWNSHIP SEWERAGE AUTHORITY

**Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments, and  
Non-operating Appropriations Compared to Budget - Non-GAAP (Budgetary Basis)  
For the Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Revenues:</b>					
Operating Revenues:					
Service Fees	\$ 872,000	\$ -	\$ 872,000	\$ 1,009,201	\$ 137,201
Connection Fees	10,000		10,000	-	(10,000)
Reserve for Debt Service	62,000		62,000	62,000	-
Penalties on Delinquent Service Fees	16,000		16,000	20,965	4,965
Miscellaneous	-		-	14,135	14,135
<b>Total Operating Revenues</b>	<b>960,000</b>	<b>-</b>	<b>960,000</b>	<b>1,106,301</b>	<b>146,301</b>
Non-Operating Revenues:					
Interest on Investments and Deposits	4,000	-	4,000	16,096	12,096
<b>Total</b>	<b>\$ 964,000</b>	<b>\$ -</b>	<b>\$ 964,000</b>	<b>\$ 1,122,397</b>	<b>\$ 158,397</b>
<b>Expenses:</b>					
Administration:					
Salaries and Wages:					
Authority Members	\$ 7,000	\$ -	\$ 7,000	\$ 6,650	\$ 350
Secretary/Treasurer	55,000		55,000	59,992	(4,992)
Deputy Secretary/Treasurer	1,000		1,000	500	500
<b>Total Salaries and Wages</b>	<b>63,000</b>		<b>63,000</b>	<b>67,142</b>	<b>(4,142)</b>
Employee Benefits:					
Public Employees Retirement System	10,500		10,500	6,942	3,558
Social Security	5,000		5,000	5,138	(138)
Unemployment Compensation Insurance	200		200	139	61
Workers Compensation Insurance	8,800		8,800	374	8,426
<b>Total Employee Benefits</b>	<b>24,500</b>		<b>24,500</b>	<b>12,593</b>	<b>11,907</b>
Other Expenses:					
Legal Services and Costs	8,500		8,500	5,039	3,461
Auditing Fees	13,000		13,000	12,900	100
Office Expenses	49,000		49,000	19,999	29,001
Telephone	3,500		3,500	1,424	2,076
Other Insurance Premiums	25,000		25,000	19,650	5,350
Inspection Fees	500		500		500
Education, Training & Conferences	1,000		1,000		1,000
Codification	2,000		2,000		2,000
<b>Total Other Expenses</b>	<b>102,500</b>		<b>102,500</b>	<b>59,012</b>	<b>43,488</b>
<b>Total Administration</b>	<b>190,000</b>		<b>190,000</b>	<b>138,747</b>	<b>51,253</b>

(CONTINUED)



## DELANCO TOWNSHIP SEWERAGE AUTHORITY

**Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments, and  
Non-operating Appropriations Compared to Budget - Non-GAAP (Budgetary Basis)  
For the Year Ended December 31, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Operating and Maintenance Expenses:					
Salaries	\$ 50,000	\$ -	50,000	\$ 53,332	\$ (3,332)
Employee Benefits:					
Public Employees Retirement System	10,500		10,500		10,500
Social Security	4,300		4,300	4,080	220
Unemployment Compensation Insurance	200		200		200
Workers Compensation Insurance	5,000		5,000	4,907	93
Hospitalization Insurance	28,000		28,000	20,036	7,964
Electric Power	25,000		25,000	21,852	3,148
Equipment and Supplies	25,000		25,000	755	24,245
Repairs and Maintenance	40,000		40,000	80,730	(40,730)
Beverly Sewerage Authority - Contractual	650,000		650,000	478,785	171,215
Engineer Services	15,000		15,000	7,069	7,931
Other Expenses	4,000		4,000	1,141	2,859
<b>Total Operating and Maintenance Expenses</b>	<b>857,000</b>	<b>-</b>	<b>857,000</b>	<b>672,687</b>	<b>184,313</b>
Capital Outlay:					
Acquisition of Equipment	171,000		171,000	168,154	2,846
<b>Total Capital Outlay</b>	<b>171,000</b>	<b>-</b>	<b>171,000</b>	<b>168,154</b>	<b>2,846</b>
<b>Total Cost of Providing Service</b>	<b>1,218,000</b>	<b>-</b>	<b>1,218,000</b>	<b>979,588</b>	<b>238,412</b>
Debt Service:					
Principal on loans:			-		-
Revenue Loan	135,000		135,000	135,000	-
Interest on loans:			-		-
Revenue Loan	5,400		5,400	2,925	2,475
<b>Total Debt Service</b>	<b>140,400</b>	<b>-</b>	<b>140,400</b>	<b>137,925</b>	<b>2,475</b>
<b>Total Operating Expenses and Debt Service</b>	<b>1,358,400</b>	<b>-</b>	<b>1,358,400</b>	<b>1,117,513</b>	<b>240,887</b>
Unrestricted Net Position to Balance Budget	(394,400)		(394,400)		(394,400)
<b>Total Appropriations and Unrestricted Net Position</b>	<b>964,000</b>	<b>-</b>	<b>964,000</b>	<b>1,117,513</b>	<b>(153,513)</b>
<b>Excess Operating Expenses and Debt Service over Anticipated Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,884</b>	<b>\$ 4,884</b>

**Reconciliation to Operating Income:**

Excess Operating Expenses and Debt Service over Anticipated Revenues					\$ 4,884
Increased by:					
GASB 68 Expense				\$ 77,499	
GASB 75 Expense				39,172	
Loan Principal				135,000	
Loan Interest				2,925	
					<u>254,596</u>
					259,480
Decreased by:					
Depreciation				89,539	
Interest Earned on Deposits				16,096	
					<u>105,635</u>
<b>Operating Income (Exhibit A-2)</b>					<b>\$ 153,845</b>

Required Supplementary Information - Part III  
Schedules Related to Accounting and Reporting  
For Pensions and  
Other Post Employment Benefits

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement System**  
**Last Nine Fiscal Years**

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Authority's proportion of the net pension liability (asset)	0.0007339918%	0.0005504945%	0.0005374360%	0.0005284522%	0.0020489245%	0.0020733365%	0.0020403863%	0.0019838230%	0.0020248175%
Authority's proportionate share of the net pension liability (asset)	\$ 106,314	\$ 83,077	\$ 63,667	\$ 86,177	\$ 369,185	\$ 408,230	\$ 474,969	\$ 587,551	\$ 454,531
Authority's covered-employee payroll	41,792	52,238	40,275	39,384	66,450	145,600	145,600	141,356	128,290
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	254.39%	159.04%	158.08%	218.81%	555.58%	280.38%	326.21%	415.65%	354.30%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended December 31, 2015.

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Required Supplementary Information**  
**Schedule of the District's Contributions**  
**Public Employees Retirement System**  
**Last Nine Nine Years**

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Contractually required contribution	\$ 9,810	\$ 6,942	\$ 6,294	\$ 5,781	\$ 19,930	\$ 20,623	\$ 18,902	\$ 17,624	\$ 17,408
Contributions in relation to the contractually required contributions	<u>(9,810)</u>	<u>(6,942)</u>	<u>(6,294)</u>	<u>(5,781)</u>	<u>(19,930)</u>	<u>(20,623)</u>	<u>(18,902)</u>	<u>(17,624)</u>	<u>(17,408)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 41,792	\$ 52,238	\$ 40,275	\$ 39,384	\$ 66,450	\$ 145,600	\$ 145,600	\$ 141,356	\$ 121,972
Contributions as a percentage of covered-employee payroll	23.47%	13.29%	15.63%	14.68%	29.99%	14.16%	12.98%	12.47%	14.27%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended December 31, 2015.

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Required Supplementary Information**  
**Schedule of the Authority's Proportionate Share of**  
**Other Postemployment Employee Benefits Liability**  
**Last Seven Fiscal Years**

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Authority's proportionate share of the other postemployment employee benefits liability (asset) - percentage	0.001096%	0.000941%	0.000947%	0.000894%	0.000894%	0.001931%	0.001906%
Authority's proportionate share of the other postemployment employee benefits liability (asset) - value	\$ 164,472	\$ 151,968	\$ 170,458	\$ 172,287	\$ 121,102	\$ 302,522	\$ 389,125
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the Authority							
Total	<u>\$ 164,472</u>	<u>\$ 151,968</u>	<u>\$ 170,458</u>	<u>\$ 172,287</u>	<u>\$ 121,102</u>	<u>\$ 302,522</u>	<u>\$ 389,125</u>
Authority's covered-employee payroll	41,792	52,238	40,275	39,384	66,450	145,600	145,600
Authority's proportionate share of the employee liability (asset) as a percentage of its covered-employee payroll	393.55%	290.91%	423.24%	437.45%	182.25%	207.78%	267.26%
Plan fiduciary net position as a percentage of the total other post employment employees benefits liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended December 31, 2018.

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**  
**Required Supplementary Information**  
**Schedule of the Authority's Contributions for**  
**Other Postemployment Benefits**  
**Last Seven Years**

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	41,792	52,238	40,275	39,384	66,450	145,600	145,600
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This schedule does not contain ten years of information as GASB 65 was implemented during the fiscal year ended December 31, 2018.

**Delanco Township Sewerage Authority**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended December 31, 2023**

**Public Employees' Retirement System (PERS)**

**Note 1. Changes in benefit term assumptions**

There were no changes in benefit terms.

**Note 2. Changes in assumptions**

The discount rate at June 30<sup>th</sup> over the past five years is as follows: 6.28% - 2019, 7.00% - 2020, 7.00% - 2021, 7.00% - 2022 and 7.00% - 2023.

The long-term expected rate of return on plan investments at June 30<sup>th</sup> over the past five years is as follows: 7.00% in 2019, 2020, 2021, 2022, and 2023.

**Postemployment Benefits Other Than Pensions (OPEB)**

**Note 3. Changes in benefit term assumptions**

There were no changes in benefit terms.

**Note 4. Changes in assumptions**

The discount rate for June 30, 2023 and June 30, 2022 was 3.54% and 2.16% respectively.

Supplemental Schedules



**DELANCO TOWNSHIP SEWERAGE AUTHORITY**

**Schedule of Cash  
Unrestricted and Restricted  
For the Year Ended December 31, 2023**

Analysis of Cash Balance, December 31, 2023

Unrestricted Cash:

First Bank:

Checking Accounts	\$ 1,116,739
Certificate of Deposits	765,156
Payroll Account	18,851

Cash on Hand	100
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Total Unrestricted Cash	\$ 1,900,846
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Restricted Cash:

First Bank:

Escrow Control Account	22,417
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Total Cash	\$ 1,923,263
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**DELANCO TOWNSHIP SEWERAGE AUTHORITY**

**Schedule of Consumer Accounts Receivable  
For the Fiscal Year Ended December 31, 2023**

Balance December 31, 2022		\$ 113,388
Increased by:		
2023 Consumer Charges Billed		<u>1,009,201</u>
		1,122,589
Decreased by:		
Cash Received	\$ 1,006,863	
Overpayments Applied	<u>3,104</u>	<u>1,009,967</u>
Balance December 31, 2023		<u><u>\$ 112,622</u></u>

**Schedule of Consumer Charge Components  
For the Fiscal Year Ended December 31, 2023  
(With comparative actual amounts for the year ended December 31, 2022)**

<u>Classification</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Residential	2,129	\$ 914,399	2,128	\$ 927,822
Schools/Churches	3	1,080	3	2,896
Commercial	117	71,882	115	81,901
Other	<u>17</u>	<u>21,840</u>	<u>17</u>	<u>20,050</u>
	<u><u>2,266</u></u>	<u><u>\$ 1,009,201</u></u>	<u><u>2,263</u></u>	<u><u>\$ 1,032,669</u></u>

## DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Accounts Payable  
For the Year Ended December 31, 2023

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Balance December 31, 2022		\$	31,116
Increased by:			
Operating Expenditures			<u>21,552</u>
Subtotal			52,668
Decreased by:			
Disbursed	\$	31,116	
Canceled		<u>-</u>	<u>31,116</u>
Balance December 31, 2023		\$	<u><u>21,552</u></u>

## DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Escrow Deposits on Account  
For the Year Ended December 31, 2023

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Balance December 31, 2022	\$	16,707
Increased by:		
Cash Received		<u>5,031</u>
Subtotal		21,738
Decreased by:		
Cash Paid for Escrow Expenses		<u>5,869</u>
Balance December 31, 2023	\$	<u><u>15,869</u></u>

## DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Accrued Interest Payable  
For the Year Ended December 31, 2023

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Balance December 31, 2022	\$	2,475
Decreased by:		
Cash Disbursed		<u>2,475</u>
Balance December 31, 2023	\$	<u><u>-</u></u>

**DELANCO TOWNSHIP SEWERAGE AUTHORITY**

**Schedule of Property Plant and Equipment - Completed  
For the Year Ended December 31, 2023**

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	Balance December 31, 2022	Additions	Disposals	Balance December 31, 2023
Construction in Progress	\$ 131,252	\$ 6,548	\$ -	\$ 137,800
Sewer Lines	5,005,782	-	-	5,005,782
Machinery and Equipment	46,695			46,695
	<u>5,183,729</u>	<u>6,548</u>	<u>-</u>	<u>5,190,277</u>
Less Accumulated Depreciation	<u>(2,307,930)</u>	<u>(89,539)</u>	<u>-</u>	<u>(2,397,469)</u>
Total	<u>\$ 2,875,799</u>	<u>\$ (82,991)</u>	<u>\$ -</u>	<u>\$ 2,792,808</u>

Findings and Recommendations - Part IV

**DELANCO TOWNSHIP SEWERAGE AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

UNQUALIFIED

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ yes       X       no

2) Significant deficiencies identified?

\_\_\_\_\_ yes       X       none reported

Noncompliance material to basic financial  
statements noted?

\_\_\_\_\_ yes       X       no

**Federal Awards**

Not Applicable

**State Awards**

Not Applicable



**DELANCO TOWNSHIP SEWERAGE AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Section 2 -- Schedule of Financial Statement Findings**

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

No findings identified.

**DELANCO TOWNSHIP SEWERAGE AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.

**DELANCO TOWNSHIP SEWERAGE AUTHORITY  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state grant awards that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

**FINANCIAL STATEMENT FINDINGS**

There were no prior year audit findings

**FEDERAL AWARDS**

A federal single audit was not required.

**STATE AWARDS**

A state single audit was not required.

**ACKNOWLEDGMENT**

I express my appreciation for the assistance and courtesies extended to us by the Authority Officials during the course of the audit.

Respectfully submitted,

**INVERSO STEWART, LLC**  
Certified Public Accountants

A handwritten signature in black ink, appearing to read "R. P. Inverso".

Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

August 30, 2024