

**CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson,
County of Burlington, State of New Jersey)**

Financial Statements and Supplementary Information

For the years ended January 31, 2023 and 2022

(With Independent Auditor's Report thereon)

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson, County of Burlington, State of New Jersey)
Financial Statements and Supplementary Information
For the years ended January 31, 2023 and 2022

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CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson, County of Burlington, State of New Jersey)
Financial Statements and Supplementary Information
For the years ended January 31, 2023 and 2022

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CINNAMINSON SEWERAGE AUTHORITY

PART I

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
FOR THE YEAR ENDED JANUARY 31, 2023**

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Authority of Cinnaminson Sewerage Authority
County of Burlington
Cinnaminson, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Authority of Cinnaminson Sewerage Authority, a component unit of the Township of Cinnaminson, County of Burlington, State of New Jersey, as of and for the years ended January 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority of Cinnaminson Sewerage Authority, a component unit of the Township of Cinnaminson, County of Burlington, State of New Jersey, as of and for the years ended January 31, 2023 and 2022 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible 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 Cinnaminson Sewerage Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 our judgement, 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority of Cinnaminson Sewerage Authority's basic financial statements. The accompanying schedule of revenues and expenses – budget to actual as listed in the table of contents, is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying schedule of revenues and expenses – budget to actual is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of revenues and expenses – budget to actual is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
September 20, 2023

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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

Honorable Chairman and Members
of the Authority of Cinnaminson Sewerage Authority
County of Burlington
Cinnaminson, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Authority of Cinnaminson Sewerage Authority (herein referred to as “ the Authority”), as of and for the year ended January 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated September 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
September 20, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Years Ended January 31, 2023 and 2022

UNAUDITED

INTRODUCTION

The Cinnaminson Sewerage Authority, hereinafter referred to as the "Authority", presents their Annual Financial Report developed in accordance with the statement of Governmental Accounting Standard No. 34 entitled "Basic Financial Statement — Management's Discussion Analysis — for State and Local governments", hereinafter referred to as GASB34, and related statements.

MISSION

The Authority's mission is to provide wastewater treatment services, which enhance environmentally sound community development and ensure public health through improved water quality. Services are provided cost efficiently to Cinnaminson in compliance with Federal and State Regulations.

LOCATIONS

Administration — Business Office

1621 Riverton Road, Cinnaminson, NJ 08077
856-829-5287

Plant Facilities

400 N. Randolph St., Cinnaminson, NJ 08077
856-829-2271
(13 pump stations throughout Cinnaminson.)

Board of Directors: Robert O’Connor, Chairman/Director of Operations
Richard C. Strobel, Vice Chairman
John Conville, Director of Administration
James Wujcik, Treasurer/Director of Finance and Budget
Frank Szymkowski, Director of Construction

Administrator: Kimberly Fitzpatrick

Plant Supervisor: Kevin Kramer

Solicitor: Capehart Scatchard – Carmen Saginario

Engineer: Richard A. Alaimo Associates – Wayne Simpson

The Authority's facility is designed to provide advanced wastewater treatment for 2.0 million gallons per day of domestic, commercial and industrial waste flows. Current State and Federal discharge permits require the facility to remove 88.5% of the pollution materials, as measured in terms of Biochemical Oxygen Demand and 85% of Total Suspended Solids. The facility is presently achieving a 92-98% rate of removal.

HISTORY

In 1955 Wastewater Treatment Facilities were non-existent in the Township. A private developer received authorization to build a privately owned collection and disposal system to serve this projected development of 255 homes. The success of this development attracted other developers to apply for authorization to construct wastewater treatment facilities. The Township was not organized to effectively review these requests or to provide a comprehensive plan for establishing publicly owned wastewater treatment facilities to protect the health and safety of the citizens of Cinnaminson. After a review by the citizens of Cinnaminson, the Township Commissioners passed an Ordinance, on February 1, 1957, creating "The Cinnaminson Sewerage Authority" under authority of New Jersey Statute 40-14-A as a separate public entity of the Township with responsibility for collection and treatment of wastewater as well as establishment of rates and charges to cover operating expenses and bond indebtedness. Without initial funding, the prospective developers provided an outright grant of \$105,000 with no strings attached. They also purchased a \$1,000,000 bond for a period of 40 years at no interest.

By 1965, it became evident that the three small treatment facilities would not meet the requirements of the projected growth of the Township. Accordingly, a \$3.3 million bond issue was floated bearing interest rates of 3.75 to 4.1% through the year 2005. The bond funds covered the redemption of 1.22 million bonds previously issued, the purchase of the present plant site as well as design and construction of the 2,000,0000 gallons per day plant at the foot of Randolph Street. The plant was operational in June 1967 and was considered the most modern efficient disposal plant of its size. In 1980, passage of Ordinances by each of the communities of Cinnaminson, Palmyra and Riverton created "The Tri-Borough Wastewater Facilities Plan Study Group" with necessary funding to enter into a 201 Regionalization study of the wastewater facilities in the Tri-Borough. The results of the study were presented to the citizens and submitted to the New Jersey Department of Environmental Protection for approval. In general, with the lack of Federal funding, each community will retain responsibility for upgrading their facility to meet current and future regulation. Five Directors are responsible for the operations of the Authority. The Township Commissioners appoint the Directors for five (5) year terms. To retain continuity, the terms are spaced to provide one director appointment each year.

RESPONSIBILITY AND CONTROL

Independent Audit – State statutes require an annual audit performed by an independent certified public accountant. The accounting firm of Holt McNally & Associates, Inc. was selected to perform auditing services for the year ending January 31, 2023. The Authority is responsible for furnishing financial statements and pertinent data for the auditor's review and analysis.

FINANCIAL ANALYSIS

The following discussion and analysis of the Cinnaminson Sewerage Authority's financial performance during the years ending January 31, 2023, 2022 and 2021, was prepared by the Authority's management team.

**CINNAMINSON SEWERAGE AUTHORITY
NET POSITION**

	2023	2022	2021
ASSETS			
Current assets	\$ 4,177,558.38	\$ 4,044,755.04	\$ 4,166,799.22
Property, plant and equipment	22,124,602.85	22,029,227.11	22,451,975.59
Total assets	26,302,161.23	26,073,982.15	26,618,774.81
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	208,320.00	188,144.00	362,271.00
Total deferred outflows of resources	208,320.00	188,144.00	362,271.00
Total assets and deferred outflows of resources	\$ 26,510,481.23	\$ 26,262,126.15	\$ 26,981,045.81
LIABILITIES			
Current liabilities	\$ 1,510,068.57	\$ 1,369,247.47	\$ 1,448,214.24
Long-term liabilities	9,393,028.66	9,785,401.71	11,017,110.41
Total liabilities	10,903,097.23	11,154,649.18	12,465,324.65
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	285,625.00	800,179.00	791,413.00
Total deferred inflows of resources	285,625.00	800,179.00	791,413.00
Total liabilities and deferred inflows of resources	11,188,722.23	11,954,828.18	13,256,737.65
NET POSITION			
Invested in capital assets, net of related debt	13,526,349.03	12,648,558.73	12,185,016.93
Unrestricted	1,795,409.97	1,658,739.24	1,539,291.23
Total net position	15,321,759.00	14,307,297.97	13,724,308.16
Total liabilities, deferred inflows of resources and net position	\$ 26,510,481.23	\$ 26,262,126.15	\$ 26,981,045.81

SCHEDULE OF OPERATING REVENUES AND EXPENSES

	2023	2022	2021
Operating revenues:			
User charges	\$ 3,224,464.76	\$ 3,148,475.70	\$ 3,180,774.84
Connection fees	706,658.91	382,831.76	238,646.76
Penalties	-	52,027.62	53,394.67
Miscellaneous	26,129.46	64,059.41	24,182.23
Total operating revenues	3,957,253.13	3,647,394.49	3,496,998.50
Operating expenses:			
Cost of providing services	1,897,969.91	1,761,770.37	1,813,661.28
Administrative and general	496,495.81	481,295.37	464,897.13
Total operating expenses	2,394,465.72	2,243,065.74	2,278,558.41
Operating income before other operating expenses	1,562,787.41	1,404,328.75	1,218,440.09
Other operating expenses:			
Depreciation	1,041,251.00	904,519.00	898,598.00
Operating income	\$ 521,536.41	\$ 499,809.75	\$ 319,842.09

Revenue Analysis:

User revenues for the fiscal audit year ended January 31, 2023 increased slightly compared to 2022 due to a slight increase in number of users. User revenues for the fiscal audit year ended January 31, 2022 decreased compared to 2021 due to more rainfall than a normal year, which resulted in less water usage.

Connection Fees

For the fiscal audit year ended January 31, 2023, there was an increase in connection fees compared to 2022 due to an increase in the connection fee rate as well as an increase construction projects during the year. For the fiscal audit year ended January 31, 2022, there was an increase in connection fees compared to 2021 due to an increase in construction projects during the year.

Other income

Miscellaneous income for the fiscal audit year ended January 31, 2023 decreased compared to 2022 due to 2022 having large amount of auction proceeds from sale of assets, 2023 is more in line with prior years. Miscellaneous income for the fiscal audit year ended January 31, 2022 increased primarily due to auction proceeds from the sale of various equipment compared to 2021.

Expenditures Analysis:

Payroll

For the year ended January 31, 2023, there was an increase in payroll expenditures compared to 2022 due to an increase in overtime hours worked. For years ended January 31, 2023, 2022, and 2021, with exception of 3 employees, all salary increases are determined by the hourly employee's contract. The Board, on an annual basis, determines the non-union salaries.

Solids Disposal

The disposal of solids for the fiscal audit year ended January 31, 2023 increased from 2022 due to increase in liquid sludge transportation needs. For the year ended January 31, 2022 the disposal of solids decreased from 2021.

Laboratory Fees

For the years ended January 31, 2023, 2022 and 2021, the major expense for the lab is for testing demanded by DBRC/DEP for PCB testing, which is still ongoing.

Debt Service

For the years ended January 31, 2023, 2022 and 2021, payments were made in accordance with the issuance of the 2004, 2008, 2013 2017 and 2018 NJIB Loan Series.

Medical Insurance

The Authority insures its employees through the State of New Jersey Health Benefits Plan and Delta Dental.

General Insurance

The Authority is a member of the New Jersey Utilities Authority Joint Insurance Fund. The Board members and employees have completed all requirements by JIF, in order to receive all possible credits available to lower our premium.

Capital Projects

For the years ended January 31, 2023, 2022 and 2021, the Authority continues programs to repair old lines and to replace needed equipment as necessary at the plant and pump stations.

The Authority had a fixed asset revaluation done during the FY23, the revaluation resulted in the Authority recognizing a gain on capital assets of \$506,261.00.

Net Position

The net position increased in 2023 compared to 2022 as a result of favorable budget to actual, primarily in the cost of labor. The increase can also be attributed to an increase in connection fees. The net position increased in 2022 compared to 2021 as a result of budgeted revenues being slightly higher than budgeted expenditures.

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CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Statements of Net Position
January 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents (See Note 2)	\$ 3,851,712.06	\$ 3,741,576.10
User charges receivable (See Note 3)	325,846.32	303,178.94
Total current assets	4,177,558.38	4,044,755.04
Capital assets (See Note 4):		
Property, plant and equipment	39,757,275.10	37,806,566.36
Less: accumulated depreciation	17,632,672.25	15,777,339.25
Capital assets, net	22,124,602.85	22,029,227.11
Total assets	26,302,161.23	26,073,982.15
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension (See Note 7)	208,320.00	188,144.00
Total deferred outflows of resources	208,320.00	188,144.00
Total assets and deferred outflows of resources	\$ 26,510,481.23	\$ 26,262,126.15
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 207,811.18	92,078.24
Salary and wages payable	39,562.65	36,638.45
Pension payable	121,693.00	109,837.00
Escrow deposits	322,335.84	298,236.28
NJIB loan payable (short-term portion) (See Note 5)	774,111.88	782,414.56
Accrued interest payable	44,554.02	50,042.94
Total current liabilities	1,510,068.57	1,369,247.47
Long-term liabilities:		
Compensated absences accrued	112,546.72	76,084.89
NJIB loan payable (long-term portion) (See Note 5)	7,824,141.94	8,598,253.82
Net pension liability (See Note 7)	1,456,340.00	1,111,063.00
Total long-term liabilities	9,393,028.66	9,785,401.71
Total liabilities	10,903,097.23	11,154,649.18

The accompanying notes to the financial statements are an integral part of this statement.

CINNAMINSON SEWERAGE AUTHORITY

(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)

Statements of Net Position (continued)

January 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (See Note 7)	<u>285,625.00</u>	<u>800,179.00</u>
Total deferred inflows of resources	<u>285,625.00</u>	<u>800,179.00</u>
Total liabilities and deferred inflows of resources	<u>11,188,722.23</u>	<u>11,954,828.18</u>
NET POSITION		
Net Investment in Capital Assets	13,526,349.03	12,648,558.73
Unrestricted:		
Net Position (unreserved)	<u>1,795,409.97</u>	<u>1,658,739.24</u>
Total net position	<u>15,321,759.00</u>	<u>14,307,297.97</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 26,510,481.23</u>	<u>\$ 26,262,126.15</u>

The accompanying notes to the financial statements are an integral part of this statement.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Statements of Revenue, Expenses and Changes in Net Position
For the years ended January 31, 2023 and 2022

	2023	2022
Operating revenues:		
User charges	\$ 3,224,464.76	\$ 3,148,475.70
Connection fees	706,658.91	382,831.76
Penalties	-	52,027.62
Miscellaneous	26,129.46	64,059.41
Total operating revenues	3,957,253.13	3,647,394.49
Operating expenses:		
Cost of providing services	1,897,969.91	1,761,770.37
Administrative and general	496,495.81	481,295.37
Total operating expenses	2,394,465.72	2,243,065.74
Operating income before other operating expenses	1,562,787.41	1,404,328.75
Other operating expenses:		
Depreciation	1,041,251.00	904,519.00
Operating income	521,536.41	499,809.75
Nonoperating revenue/(expenses):		
Interest on investments	35,055.33	1,517.95
Gain on revaluation of capital assets	506,261.00	-
Loan Forgiveness	-	39,701.45
Interest expense	(112,463.71)	(103,579.34)
Total nonoperating revenue/(expense)	428,852.62	(62,359.94)
Net income before contributions	950,389.03	437,449.81
Capital contributions		
Capital contributions	64,072.00	145,540.00
Total capital contributions	64,072.00	145,540.00
Change in net position	1,014,461.03	582,989.81
Net position, February 1	14,307,297.97	13,724,308.16
Net position, January 31	\$ 15,321,759.00	\$ 14,307,297.97

The accompanying notes to the financial statements are an intergral part of this statement.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Statements of Cash Flows
For the years ended January 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from service users	\$ 3,934,585.75	\$ 3,646,798.74
Cash paid to suppliers and employees	(2,392,844.19)	(2,467,681.07)
Net cash from operating activities	1,541,741.56	1,179,117.67
Cash flows from financing activities:		
Interest paid on bonds	(117,952.63)	(120,456.20)
Principal paid on bonds	(782,414.56)	(846,588.83)
Loan Forgiveness	-	-
Net cash from financing activities	(900,367.19)	(967,045.03)
Cash flows from investing activities:		
Interest on investments	35,055.33	1,517.95
Acquisition of property, plant and equipment, net	(566,293.74)	(336,230.52)
Net cash from investing activities	(531,238.41)	(334,712.57)
Net change in cash and cash equivalents	110,135.96	(122,639.93)
Cash and cash equivalents at February 1	3,741,576.10	3,864,216.03
Cash and cash equivalents at January 31	\$ 3,851,712.06	\$ 3,741,576.10
 Reconciliation on net income to cash provided/(used) by operating activities:		
Operating income	\$ 521,536.41	\$ 499,809.75
Operating activities:		
Depreciation	1,041,251.00	904,519.00
Unbudgeted pension expense	(189,453.00)	(225,786.00)
Working capital changes which provided/(used) by cash:		
Accounts receivable	(22,667.38)	(595.75)
Compensated absences	36,461.83	(913.69)
Accounts payable	118,657.14	(2,589.86)
Pension payable	11,856.00	7,888.00
Developer deposits	24,099.56	(3,213.78)
Net cash from operating activities	\$ 1,541,741.56	\$ 1,179,117.67
 Reconciliation of cash to the statements of net position:		
Current assets		
Cash and cash equivalents	\$ 3,851,712.06	\$ 3,741,576.10
	\$ 3,851,712.06	\$ 3,741,576.10

The accompanying notes to the financial statements are an integral part of this statement.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements
For the years ended January 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cinnaminson Sewerage Authority (the “Authority”) have been prepared to conform with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Authority was created by ordinance adopted October 9, 1956 by the Township Committee of the Township of Cinnaminson, County of Burlington, State of New Jersey, under laws of the State of New Jersey (Under the Sewerage Authority Law constituting Chapter 138 of the pamphlet laws of 1946), approved April 23, 1946 and acts amendatory thereof or supplemental thereto.

The Authority is a component unit of the Township of Cinnaminson as described in Government Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units; GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34; GASB Statement No. 80, Blending Requirements for Certain Component Units and GASB Statement No. 90, Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61. These financial statements would either be blended or discreetly presented as part of the Township’s financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

Management of the Authority’s operations is the responsibility of five Board Members who are appointed annually on a staggered basis by the Township Committee of Cinnaminson Township for a term of five years.

The Authority realizes its primary revenue through cycled billings to users of the facilities. These facilities include sewerage transmittal lines, pumping stations, and collection and treatment plants. Costs involve daily operations and maintenance expenses in addition to plant replacement and debt service. Other revenues included fees for new user’s connections, interest earnings and other miscellaneous sources.

Basis of Presentation – Fund Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles (“GAAP”) applicable to enterprise funds of State and Local Governments on a going concern basis.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, accountability or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets net

CINNAMINSON SEWERAGE AUTHORITY
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Notes to the Financial Statements (continued)
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation – Fund Accounting (continued)

of total liabilities) are segregated into invested in capital assets, net of related debt and unrestricted components.

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. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that sewage 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 are 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 - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgetary Data

The Authority must adopt an annual budget in accordance with *N.J.A.C. 5:31-2*. *N.J.A.C. 5:31-2* requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt no later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year by resolution of the Board of Commissioners. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

The legal level of budgetary control is established at the detail shown on the Comparative Statements 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 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.

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(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash in banks and may include petty cash and change funds. It may also include all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds into 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 of America or State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required by *N.J.S.A. 17:9-41* to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at cost. Assets contributed by developer’s are valued at estimated fair market value as of the date of contribution. Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to capital assets.

Depreciation is determined on a straight-line basis for all capital assets. Depreciation was provided over the following estimated useful lives:

Buildings and Improvements	40 years
Sewer Mains and Interception	40 years
Pump Stations	40 years
Other Equipment	5 years
Vehicles	5 years

See Note 4 for a further description of capital assets and depreciation.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements 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 statements 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.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated sick leave in the event of retirement from service at the current salary.

Escrow Funds

Escrow funds represent engineer review fee deposits held in trust from developers in order to pay engineering, legal and administrative expenses.

Net Position Classifications

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

The Authority only utilizes two of the three classifications for the years ended January 31, 2023 and 2022: Net investment in capital assets and unrestricted net position.

Operating and Non-Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Non-operating revenues primarily consist of interest income and gains on sale of capital assets.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. Non-operating expenses primarily include expenses attributable to the Authority's interest on debt and losses on sale of capital assets.

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Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Capital

Contributed Capital consists primarily of sewer lines and pumping stations constructed by local developers and donated to the Authority. These items are recorded at estimated fair market value. The sewer lines and pumping stations are recorded as contributed capital in the period received.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events of the date of the financial statements. Accordingly, upon settlement, actual results may differ.

Impact of Recently Issued Accounting Principles

Recently Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2022:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. The Authority has implemented this standard as of December 31, 2022.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 96, Subscription-Based IT Arrangements (SBITA), addresses accounting and financial reports for subscription-based information technology arrangements. The standard requires governments to recognize the subscription-based IT arrangement as an intangible asset and to amortize the intangible asset over the subscription term. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 101, Compensated Absences, updates the recognition and measurement guidance to better meet the information needs of the financial statement users for compensated absences. The standard requires that liabilities for compensated absences be recognized for leave that hasn't been used and leave that has been used but not paid yet. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the Township's financial statements.

Fair Value Measurement

The Authority categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

CINNAMINSON SEWERAGE AUTHORITY
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Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Authority may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Revenue Sufficiency

Revenues of the Authority shall be deemed sufficient if they are adequate to meet the annual costs of operations and debt service for the coming fiscal year, reserve deficiencies in any Funds, and an additional 10% of the total annual debt requirement.

If during the preparation of the annual budget it appears that Pledged Revenues will not be sufficient, the Authority shall revise the rate schedule for Users of its facilities, so that collections will be adequate to meet the above stipulations.

A rate increase of 15%, applicable to the 1993-94 year, was enacted as of February 1, 1993. From this time to January 31, 2004 a rate increase was not warranted. Starting with 2004-2005 year, a rate increase of 18% was enacted as of February 1, 2004. From this time to March 12, 2007 a rate increase was not warranted. Starting with 2007-2008 year, a rate increase of 5% for residential customers and 10% for commercial customers was enacted as of March 12, 2007. On January 12, 2009, a rate increase of 20% was approved and took effect on February 1, 2009. Again, on January 11, 2010, a rate increase of 25% was approved and took effect on February 1, 2010.

Township Service Contract

A Service Contract between the Township of Cinnaminson and the Authority, dated May 15, 1990, has been amended and supplemented as of January 1, 1994, and stipulates that the Township shall pay to the Authority an amount equal to any deficiency in revenues estimated for the Authority's Current Fiscal year.

The Township shall include the amount of the deficiency in its budget as an appropriation which shall be levied and collected as ad valorem taxes upon all taxable property in the Township.

The Authority shall repay the Township as the Authority's operations will permit, but only from surplus revenues. The Authority shall impose Service Charges in amounts sufficient to generate adequate surplus revenue to reimburse the Township.

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Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 2: CASH AND CASH EQUIVALENTS

The Authority is governed by the deposit and investment limitations of New Jersey state law. The cash balance held at January 31, 2023 and 2022, and reported at fair value are as follows:

	<u>2023</u>	<u>2022</u>
Deposits:		
Demand Deposits	\$ 3,851,712.06	\$ 3,741,576.10
Total Deposits	<u>\$ 3,851,712.06</u>	<u>\$ 3,741,576.10</u>

Reconciliation to Statements of Net Position:

Current Assets:		
Cash and Cash Equivalents	\$ 3,851,712.06	\$ 3,741,576.10
Total Current Assets	<u>\$ 3,851,712.06</u>	<u>\$ 3,741,576.10</u>

New Jersey Cash Management Fund

During the year, the Authority participated in the New Jersey Cash Management Fund (“Fund”). The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund’s participants. Deposits with the Fund are not subject to custodial credit risk as defined above. At January 31, 2023 and 2022, the Authority’s deposits with the Fund were \$2,458,455.96 and \$2,415,722.77.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of January 31, 2023 and 2022, the Authority’s bank balance of \$3,836,002.16 and \$3,781,707.93 was insured or collateralized as follows:

	<u>2023</u>	<u>2022</u>
Insured by FDIC	\$ 500,000.00	\$ 500,000.00
Collateralized not in the Authority's Name	2,208,455.96	2,165,722.77
Collateralized in the Authority's Name under GUDPA	1,127,546.20	1,115,985.16
Total	<u>\$ 3,836,002.16</u>	<u>\$ 3,781,707.93</u>

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable at January 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Accounts Receivable - User Charges	\$ 325,846.32	\$ 303,178.94
	<u>\$ 325,846.32</u>	<u>\$ 303,178.94</u>

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Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

The activity in capital assets for the years ended January 31, 2023 and 2022 were as follows:

	Balance January 31, <u>2022</u>	<u>Additions</u>	Retirements and Adjustments	Balance January 31, <u>2023</u>
Capital Assets:				
Capital asset not being depreciated				
Land	\$ 57,750.00	\$ -	\$ -	\$ 57,750.00
Total capital assets not being depreciated	<u>57,750.00</u>	<u>-</u>	<u>-</u>	<u>57,750.00</u>
Capital assets being depreciated				
Contributed capital	4,866,005.73	64,072.00	-	4,930,077.73
Property, plant and equipment	32,010,241.63	548,841.00	1,416,012.74	33,975,095.37
Vehicles	872,569.00	-	(78,217.00)	794,352.00
Total capital assets being depreciated	<u>37,748,816.36</u>	<u>612,913.00</u>	<u>1,337,795.74</u>	<u>39,699,525.10</u>
Less: accumulated depreciation	(15,777,339.25)	(1,041,251.00)	(814,082.00)	(17,632,672.25)
Total capital assets being depreciated, net of accumulated depreciation	<u>21,971,477.11</u>	<u>(428,338.00)</u>	<u>523,713.74</u>	<u>22,066,852.85</u>
Total capital assets, net	<u>\$ 22,029,227.11</u>	<u>\$ (428,338.00)</u>	<u>\$ 523,713.74</u>	<u>\$ 22,124,602.85</u>

	Balance January 31, <u>2021</u>	<u>Additions</u>	Retirements and Adjustments	Balance January 31, <u>2022</u>
Capital Assets:				
Capital asset not being depreciated				
Land	\$ 57,750.00	\$ -	\$ -	\$ 57,750.00
Construction in Progress	85,601.00	-	(85,601.00)	-
Total capital assets not being depreciated	<u>143,351.00</u>	<u>-</u>	<u>(85,601.00)</u>	<u>57,750.00</u>
Capital assets being depreciated				
Contributed capital	4,720,465.73	145,540.00	-	4,866,005.73
Property, plant and equipment	31,633,379.11	291,261.52	85,601.00	32,010,241.63
Vehicles	984,395.00	44,969.00	(156,795.00)	872,569.00
Total capital assets being depreciated	<u>37,338,239.84</u>	<u>481,770.52</u>	<u>(71,194.00)</u>	<u>37,748,816.36</u>
Less: accumulated depreciation	(15,029,615.25)	(904,519.00)	156,795.00	(15,777,339.25)
Total capital assets being depreciated, net of accumulated depreciation	<u>22,308,624.59</u>	<u>(422,748.48)</u>	<u>85,601.00</u>	<u>21,971,477.11</u>
Total capital assets, net	<u>\$ 22,451,975.59</u>	<u>\$ (422,748.48)</u>	<u>\$ -</u>	<u>\$ 22,029,227.11</u>

Depreciation expense for the years ended January 31, 2023 and 2022 was \$1,041,251.00 and \$904,519.00, respectively.

CINNAMINSON SEWERAGE AUTHORITY
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Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 5: LONG-TERM DEBT

Outstanding Debt

The following is a summary of long-term debt at January 31, 2023 and 2022:

	Balance January 31, <u>2022</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance January 31, <u>2023</u>	Balance Due Within <u>One Year</u>
Loans payable	\$ 9,380,668.38	\$ -	\$ 782,414.56	\$ 8,598,253.82	\$ 774,111.88
Compensated absences	76,084.89	36,461.83	-	112,546.72	-
Net pension liability	1,111,063.00	345,277.00	-	1,456,340.00	-
	<u>\$ 10,567,816.27</u>	<u>\$ 381,738.83</u>	<u>\$ 782,414.56</u>	<u>\$ 10,167,140.54</u>	<u>\$ 774,111.88</u>

	Balance January 31, <u>2021</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance January 31, <u>2022</u>	Balance Due Within <u>One Year</u>
Loans payable	\$ 10,266,958.66	\$ -	\$ 886,290.28	\$ 9,380,668.38	\$ 782,414.56
Compensated absences	76,998.58	-	913.69	76,084.89	-
Net pension liability	1,519,742.00	-	408,679.00	1,111,063.00	-
	<u>\$ 11,863,699.24</u>	<u>\$ -</u>	<u>\$ 1,295,882.97</u>	<u>\$ 10,567,816.27</u>	<u>\$ 782,414.56</u>

New Jersey Infrastructure Bank Loans

On November 4, 2004, the Cinnaminson Sewerage Authority and State of New Jersey under the Infrastructure Financing Program settled and entered into a fully executed agreement, whereas the State will finance the Authority's force main replacement project. The maturities and interest rates are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2024	\$ 113,755.02	\$ 5,283.04	\$ 119,038.06	4.250%
2025	119,479.67	2,729.10	122,208.77	4.375%
	<u>\$ 233,234.69</u>	<u>\$ 8,012.14</u>	<u>\$ 241,246.83</u>	

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 5: LONG-TERM DEBT (continued)

New Jersey Infrastructure Bank Loans (continued)

On November 3, 2008, the Cinnaminson Sewerage Authority and State of New Jersey under the Infrastructure Financing Program settled and entered into a fully executed agreement, whereas the State will finance the Authority's force main replacement project. The maturities and interest rates are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2024	\$ 87,000.00	\$ 8,650.00	\$ 95,650.00	5.500%
2025	86,000.00	4,300.00	90,300.00	5.000%
	<u>\$ 173,000.00</u>	<u>\$ 12,950.00</u>	<u>\$ 185,950.00</u>	

During the 2019 fiscal year, the New Jersey Infrastructure Trust provided the Authority with a loan forgiveness on the back end on both the 2008 Trust and Fund loans. The amount of the loan forgiveness was \$435,000 on the Trust loan and \$517,290 on the Fund loan for a total of \$952,290. For financial statement purposes, the Authority has recorded the full defeasance of \$952,290.

On May 22, 2013, the Cinnaminson Sewerage Authority and State of New Jersey under the Environmental Financing Program settled and entered into a fully executed agreement, whereas the State will finance the Authority's Headworks Project and Lakeview Sewer Main Lining Project. The maturities and interest rates are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2024	\$ 173,450.77	\$ 19,670.00	\$ 193,120.77	4.000%
2025	178,450.77	17,670.00	196,120.77	4.000%
2026	183,450.77	15,420.00	198,870.77	4.000%
2027	183,450.77	13,920.00	197,370.77	5.000%
2028	183,450.77	12,420.00	195,870.77	5.000%
2029-2033	947,254.04	38,550.00	985,804.04	Variable
	<u>\$ 1,849,507.89</u>	<u>\$ 117,650.00</u>	<u>\$ 1,967,157.89</u>	

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 5: LONG-TERM DEBT (continued)

New Jersey Infrastructure Bank Loans (continued)

On November 21, 2017, the Cinnaminson Sewerage Authority and State of New Jersey under the Infrastructure Financing Program settled and entered into a fully executed agreement, whereas the State will finance the Authority's Wastewater Treatment Plant Upgrade Project. The maturities and interest rates are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2024	\$ 366,509.30	\$ 56,325.00	\$ 422,834.30	5.000%
2025	371,509.30	52,325.00	423,834.30	5.000%
2026	376,509.30	48,075.00	424,584.30	5.000%
2027	381,509.30	43,575.00	425,084.30	5.000%
2028	381,509.30	38,825.00	420,334.30	5.000%
2029-2033	1,952,546.50	158,631.28	2,111,177.78	Variable
2034-2038	1,888,369.60	75,218.76	1,963,588.36	Variable
	<u>\$ 5,718,462.60</u>	<u>\$ 472,975.04</u>	<u>\$ 6,191,437.64</u>	

On November 29, 2018, the Cinnaminson Sewerage Authority and State of New Jersey under the Infrastructure Financing Program settled and entered into a fully executed agreement, whereas the State will finance the Authority's Taylor Lane Project. The maturities and interest rates are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2024	\$ 33,376.79	\$ 7,805.00	\$ 41,181.79	5.000%
2025	38,376.79	7,555.00	45,931.79	5.000%
2026	38,376.79	7,055.00	45,431.79	5.000%
2027	38,376.79	6,555.00	44,931.79	5.000%
2028	38,376.79	6,055.00	44,431.79	5.000%
2029-2033	191,883.95	23,775.00	215,658.95	4.000%
2034-2038	201,883.95	13,575.00	215,458.95	4.000%
2039	43,376.79	1,155.00	44,531.79	4.000%
	<u>\$ 624,028.64</u>	<u>\$ 73,530.00</u>	<u>\$ 697,558.64</u>	

NOTE 6: SERVICE ORGANIZATION'S SSAE No. 16 REQUIREMENT

The Authority utilizes New Jersey American Water Company to provide consumption data of the Authority's customers' water usage. This data is used to bill the customers of the Authority, as sewer charges for commercial customers are based on the amount of water consumed. SSAE No. 16 requires that management of the service organization (American Water Company) to provide a description of its "system" along with a written statement of assertion.

The Authority has requested an internal control report from New Jersey American Water Company but they have not provided the Authority with the report.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 7. PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

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

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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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 the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2021, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 7. PENSION OBLIGATIONS (continued):

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

contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended January 31, 2023, the Authority's contractually required contribution to PERS plan was \$121,693.

Components of Net Pension Liability - At January 31, 2023, the Authority's proportionate share of the PERS net pension liability was \$1,456,340. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Authority's proportion measured as of June 30, 2022, was 0.00965% which was an increase of 0.00027% from its proportion measured as of June 30, 2021.

Balances at January 31, 2023 and January 31, 2022

	<u>1/31/2023</u>	<u>1/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 208,320	\$ 188,144
Deferred Inflows of Resources	285,625	800,179
Net Pension Liability	1,456,340	1,111,063
Authority's portion of the Plan's total Net Pension Liability	0.009650%	0.009379%

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 7. PENSION OBLIGATIONS (continued):

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

Pension Expense and Deferred Outflows/Inflows of Resources - At January 31, 2023, the Authority's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2022 measurement date is \$(67,758). This expense is not recognized by the Authority because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Authority contributed \$121,693 to the plan in 2022.

At January 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 10,511		\$ 9,269
Changes of Assumptions	4,512		218,072
Net Difference between Projected and Actual Earnings on Pension Plan Investments	60,277		-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	133,020		58,284
	\$ 208,320		\$ 285,625

The Authority will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 7. PENSION OBLIGATIONS (continued):

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

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	-
June 30, 2018	5.73	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48
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
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	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 7. PENSION OBLIGATIONS (continued):

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending	<u>Dec 31,</u>	<u>Amount</u>
2023		\$ (63,517)
2024		(32,360)
2025		(15,781)
2026		34,429
2027		<u>(76)</u>
		<u>\$ (77,305)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 7. PENSION OBLIGATIONS (continued):

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	1.91%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 7. PENSION OBLIGATIONS (continued):

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

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 calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it 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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 1,886,816	\$ 1,456,340	\$ 1,112,818

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of December 31, 2022. The State's proportionate share of the contribution associated with the special funding situation was \$3,064 as of December 31, 2022. These are based on measurements as of June 30, 2022.

NOTE 8: DEFERRED COMPENSATION PLAN

The Authority Board Members have approved a Deferred Compensation Plan that became fully operative in January, 1997. This plan includes only employees of the Authority who wish to join, and amounts paid into the plan include only payroll deductions from those covered employees. This plan is operated and controlled independent of, and without cost to the Authority.

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
Notes to the Financial Statements (continued)
For the years ended January 31, 2023 and 2022

NOTE 9: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between January 31, 2023 and September 20, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Authority that would require disclosure.

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SCHEDULE I

CINNAMINSON SEWERAGE AUTHORITY
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.00965%	0.00938%	0.00932%	0.00976%	0.00817%	0.00883%	0.00875%	0.00842%	0.00791%	0.00708%
Authority's proportionate share of the net pension liability (asset)	\$ 1,456,340	\$ 1,111,063	\$ 1,519,742	\$ 1,758,788	\$ 1,608,492	\$ 2,055,319	\$ 2,592,507	\$ 1,890,580	\$ 1,480,471	\$ 1,352,384
Authority's covered-employee payroll	\$ 724,255	\$ 707,259	\$ 694,697	\$ 668,249	\$ 671,914	\$ 577,242	\$ 612,036	\$ 602,083	\$ 584,336	\$ 555,562
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	201.08%	157.09%	218.76%	263.19%	239.39%	356.06%	423.59%	314.01%	253.36%	243.43%
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%	48.72%

SCHEDULE II

CINNAMINSON SEWERAGE AUTHORITY
 Schedule of Authority's Contributions
 Public Employees' Retirement System
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 121,693	\$ 109,837	\$ 101,949	\$ 94,946	\$ 81,258	\$ 81,794	\$ 77,764	\$ 72,407	\$ 65,187	\$ 53,317
Contributions in relation to the contractually required contribution	(121,693)	(109,837)	(101,949)	(94,946)	(81,258)	(81,794)	(77,764)	(72,407)	(65,187)	(53,317)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 724,255	\$ 707,259	\$ 694,697	\$ 668,249	\$ 671,914	\$ 577,242	\$ 612,036	\$ 602,083	\$ 584,336	\$ 555,562
Contributions as a percentage of covered-employee payroll	16.80%	15.53%	14.68%	14.21%	12.09%	14.17%	12.71%	12.03%	11.16%	9.60%

CINNAMINSON SEWERAGE AUTHORITY
(A Component Unit of the Township of Cinnaminson, County of Burlington, State of New Jersey)
Notes to the Required Supplementary Information
January 31, 2023

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None

Changes of Assumptions

None

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SCHEDULE III

CINNAMINSON SEWERAGE AUTHORITY
 (A Component Unit of the Township of Cinnaminson Township, County of Burlington, State of New Jersey)
 Schedule of Operating Revenues and Cost Funded by
 Operating Revenues Compared to Budget
 For the years ended January 31, 2023 and 2022

	2023		2022			
	ORIGINAL BUDGET	BUDGET AFTER TRANSFERS	ACTUAL	ORIGINAL BUDGET	BUDGET AFTER TRANSFERS	ACTUAL
Revenues:						
User charges	\$ 3,020,000.00	\$ 3,020,000.00	\$ 3,224,464.76	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,148,475.70
Connection charges	984,622.00	984,622.00	706,658.91	93,346.00	93,346.00	382,831.76
Delinquent penalties	55,000.00	55,000.00	-	55,000.00	55,000.00	52,027.62
Other	20,000.00	20,000.00	26,129.46	15,000.00	15,000.00	64,059.41
Interest income on investments	3,000.00	3,000.00	35,055.33	6,000.00	6,000.00	1,517.95
Total revenues	\$ 4,082,622.00	\$ 4,082,622.00	\$ 3,992,308.46	\$ 3,169,346.00	\$ 3,169,346.00	\$ 3,648,912.44
Expenses:						
Cost of providing services:						
Labor	\$ 740,665.00	\$ 740,665.00	\$ 595,048.37	\$ 712,612.00	\$ 712,612.00	\$ 576,121.22
Supervision	-	-	123,611.48	-	-	104,967.28
Employee benefits	436,898.00	398,898.00	232,800.47	404,502.00	404,502.00	199,441.01
Solids disposal	225,000.00	260,000.00	322,250.48	225,000.00	225,000.00	242,646.75
Utilities	283,412.00	283,412.00	254,675.58	204,492.00	204,492.00	221,484.64
Chemicals	86,555.00	86,555.00	55,617.09	65,000.00	65,000.00	64,430.67
Plant maintenance	298,206.00	298,206.00	248,593.08	252,221.00	252,221.00	277,385.82
State permit fees	24,955.00	24,955.00	31,755.94	24,955.00	24,955.00	32,455.21
Safety and training	20,500.00	20,500.00	11,337.50	20,500.00	20,500.00	10,012.00
Laboratory test	30,000.00	30,000.00	22,279.92	30,000.00	30,000.00	32,825.77
Total	2,146,191.00	2,143,191.00	1,897,969.91	1,939,282.00	1,939,282.00	1,761,770.37
Administrative and general expense:						
Salaries and wages	136,490.00	136,490.00	142,987.26	134,020.00	134,020.00	133,703.34
Employee benefits	80,512.00	80,512.00	46,987.53	80,900.00	80,900.00	39,888.01
Office supplies	54,016.00	54,016.00	87,754.01	30,420.00	30,420.00	75,118.08
Postage	20,435.00	23,435.00	12,050.48	27,000.00	27,000.00	8,759.49
Professional services	180,000.00	180,000.00	161,582.53	180,000.00	180,000.00	163,578.45
Insurance	55,000.00	55,000.00	42,834.00	41,000.00	41,000.00	54,579.00
Travel	20,380.00	20,380.00	2,300.00	17,190.00	17,190.00	5,669.00
Total	546,833.00	549,833.00	496,495.81	510,530.00	510,530.00	481,295.37
Interest expense	121,491.00	121,491.00	112,463.71	140,607.00	140,607.00	103,579.34
Other costs funded by operating Revenues:						
Debt service transfer	792,192.00	792,192.00	782,414.56	846,589.00	846,589.00	846,588.83
Reserves:						
Renewal and replacement	1,171,200.00	1,171,200.00	566,293.74	487,500.00	487,500.00	336,230.52
Total	1,963,392.00	1,963,392.00	1,348,708.30	1,334,089.00	1,334,089.00	1,182,819.35
Total expenses and other cost funded by operating revenues	\$ 4,777,907.00	\$ 4,777,907.00	\$ 3,855,637.73	\$ 3,924,508.00	\$ 3,924,508.00	\$ 3,529,464.43

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CINNAMINSON SEWERAGE AUTHORITY

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED JANUARY 31, 2023

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**CINNAMINSON SEWERAGE AUTHORITY
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JANUARY 31, 2023**

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

None.

**CINNAMINSON SEWERAGE AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JANUARY 31, 2023**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.