DELANCO TOWNSHIP SEWERAGE AUTHORITY
County of Burlington

REPORT OF AUDIT
For the Years Ended
December 31, 2017 and 2016

DELANCO TOWNSHIP SEWERAGE AUTHORITY

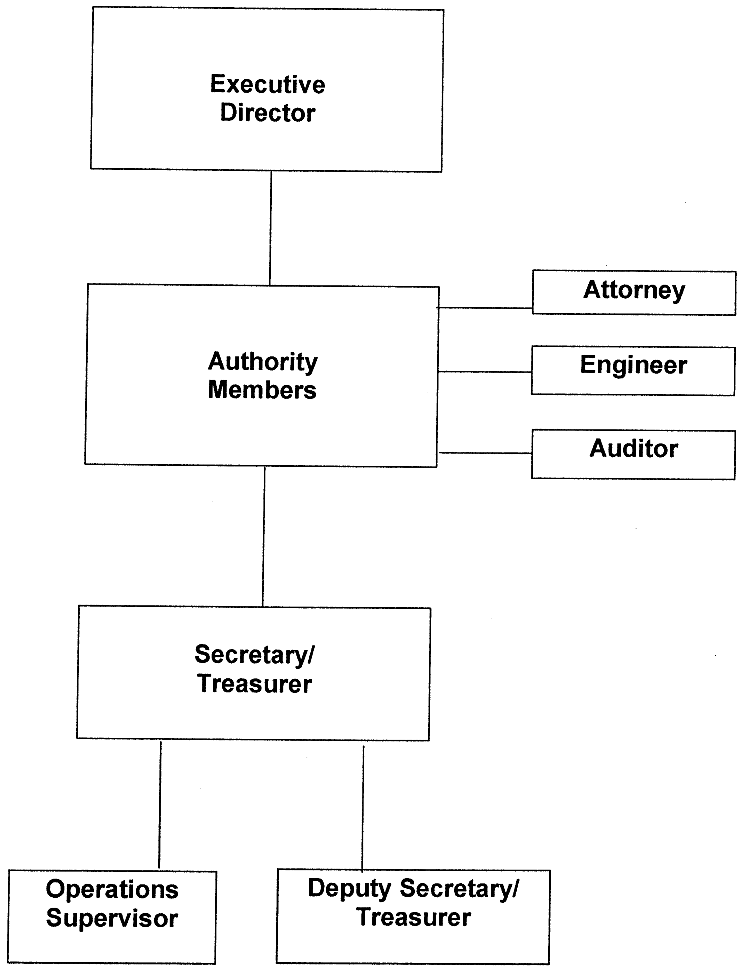
INTRODUCTORY SECTION

FINANCIAL SECTION

SINGLE AUDIT SECTION

Introductory Section

DELANCO TOWNSHIP SEWERAGE AUTHORITY
Organizational Chart



DELANCO TOWNSHIP SEWERAGE AUTHORITY

Roster of Officials
December 31, 2017

Members of the Authority	Term Expires
Thomas Fynan, Chairperson	2018
Philip Jenkins	2021
Mancer Cyr	2019
Joan Hinkle	2020
Robert Dovey, Jr.	2022

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, Esquire
325 New Albany Road
Moorestown, NJ 08057

Engineer

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

Official Depository

Beneficial Bank
Burlington, NJ 08016

Delanco Federal Savings Bank
Delanco, NJ 08075

Part I

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: rinverso@iscpasnj.com

-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

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Delanco Township Sewerage 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, 2017 and December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with 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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Delanco Township Sewerage Authority in the County of Burlington, State of New Jersey, as of December 31, 2017 and December 31, 2016, and its 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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. 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 inquires 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and any other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information 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*, I have also issued my report dated May 31, 2018 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.

INVERSO & STEWART, LLC
Certified Public Accountants

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 31, 2018

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

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, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated May 31, 2018.

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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 statement amounts. 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 Bureau of Authority Regulation, 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.

INVERSO & STEWART, LLC
Certified Public Accountants

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 31, 2018

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, 2017

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, 2017. 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, 2017 and 2016

	2017	2016
Assets		
Current	$ 1,405,400	$ 1,485,918
Capital Assets	3,192,244	3,285,858
Total Assets	4,597,644	4,771,776
Deferred Outflows of Resources		
Deferred Outflows of resources pensions	148,594	185,877
Liabilities		
Current Liabilities	209,531	226,853
Noncurrent Liabilities	1,578,585	1,917,059
Total Liabilities	1,788,116	2,143,912
Deferred Inflows of Resources		
Deferred Inflows of resources pensions	100,557	6,680
Net Position	$ 2,857,565	$ 2,807,061
Net Position Consist of:		
Invested in Capital Assets	$ 2,397,244	$ 2,340,858
Accrued Unfunded pension liability	(445,834)	(408,354)
Deisgnated to Subsequent Year	314,300	380,305
Unrestricted	591,855	494,252
Net Position	$ 2,857,565	$ 2,807,061

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by $2,857,565 *(net position)*.
- The total net position of the Authority increased by $50,504 or a 1.79% increase from the restated prior year-end balance. The increase is attributable to a reduction debt.

Delanco Township Sewerage Authority
Changes in Net Position
For the Year Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Program Revenues		
Charges for services	$ 912,490	$ 937,921
Connection Fees		39,933
Penalties on Delinquent Rents	30,322	35,819
Reserve for Debt Service	61,000	61,000
Other revenue	4,085	27,375
Nonoperating Revenues:		
Amortization of premium	6,981	6,981
Interest revenue	12,769	9,843
Total Revenues	1,027,647	1,118,872
Expenses		
Administration		
Salaries	45,613	45,254
Fringe Benefits	85,555	78,937
Other Expenses	52,193	61,760
Cost of Providing Services		
Salaries	63,764	67,555
Operating and Maintenance	602,393	716,133
Depreciation	93,614	93,613
Interest on Debt	34,011	39,781
Total Expenses	977,143	1,103,033
Increase in Net Position	50,504	15,839
Net Position, January 1,	2,807,061	2,791,222
Net Position, December 31,	$ 2,857,565	$ 2,807,061

The sewer collection rate increased from 87.86% in 2016 to 89.55% in 2017.

The Authority is relying on the Unrestricted Net Position to balance the budget. In 2017 the Authority appropriated $380,305 or 43.49% of available unrestricted net position, whereas in 2018 the Authority appropriated $314,300 or 34.68% of available unrestricted net position.

Delanco Township Sewerage Authority
Capital Assets (net of accumulated depreciation)
For the Year Ended December 31, 2017 and 2016

The Authority's capital assets as of December 31, 2017, totaled $3,192,244 (net of accumulated depreciation) which represents a decrease of $93,614 when compared to December 31, 2016. The total decrease resulted from depreciation expense.

	2017	2016
Capital Assets	$ 3,192,244	$ 3,285,858
Total	$ 3,192,244	$ 3,285,858

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, 2017.

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, 2017 was $891,616, a decrease of $159,892 when compared to the balance at December 31, 2016 in the amount of $1,051,508. The decrease is primarily due to the repayment of debt principal and the expensing of premium.

The outstanding debt consists of $755,000 funded by the Burlington County Bridge Commission (BCBC), $40,000 funded by the New Jersey Environmental Infrastructure Trust Fund (NJEIT), $37,812 of unamortized premium on the loan with BCBC and $58,804 of compensated absences on unused sick and vacation time. Interest on both loans are paid semi-annually with interest rates varying from 3% to 4.5%. The unamortized premium on the loan with BCBC is expensed over the life of the loan.

Additional information on the Authority's long-term debt can be found in Notes 6, 9, and 12 in the Notes to the Financial Statements.

Next Year's Budget and User Rates

The Delanco Township Sewerage Authority adopted a budget of $1,230,300 for 2018 which is an increase of $4,800 when compared to 2017 Budget. User rates for 2018 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, 2017 and 2016

	December 31, 2017	December 31, 2016
ASSETS:		
Current Assets:		
Revenue/Operating Account:		
Cash and Cash Equivalents	$ 1,147,766	$ 1,322,775
Consumer Accounts Receivable	114,104	131,351
Prepaid Debt		16,749
Due from the City of Beverly Sewerage Authority	143,530	15,043
Other Accounts Receivable		
Total Current Assets	1,405,400	1,485,918
Non-Current Assets:		
Property, Plant and Equipment:	5,052,476	5,052,476
Less Accumulated Depreciation	(1,860,232)	(1,766,618)
Total Property, Plant and Equipment:	3,192,244	3,285,858
Total Assets	4,597,644	4,771,776
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources from pension	148,594	185,877
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,746,238	$ 4,957,653

DELANCO TOWNSHIP SEWERAGE AUTHORITY
Comparative Statements of Net Position
As of December 31, 2017 and 2016

	December 31, 2017	December 31, 2016
LIABILITIES:		
Current liabilities:		
Accounts Payable - Operations	$ 2,306	$ 5,739
Accounts payable related to pensions	18,902	
Due to the City of Beverly Sewerage Authority	-	30,901
Service Charges Overpayments	1,366	4,187
Capital Lease Payable - Current Portion	115,000	110,000
N.J. Environmental Infrastructure Loan Payable - Current Portion	40,000	40,000
Accrued Bond and Loan Interest Payable	14,667	17,004
Payroll Deductions Payable	7,467	6,547
Escrow Deposits	9,823	12,475
Total Current Liabilities	209,531	226,853
Non-Current Liabilities		
Reserve for Debt Service	367,000	428,000
Capital Lease Payable	640,000	755,000
N.J. Environmental Infrastructure Loan Payable		40,000
Unamortized Premium on BCBC Lease	37,812	44,792
Compensated Absences Payable	58,804	61,716
Net Pension Liability	474,969	587,551
Total Non-Current Liabilities	1,578,585	1,917,059
Total Liabilities	1,788,116	2,143,912
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources from pension	100,557	6,680
NET POSITION:		
Net Investment in Capital Assets	2,397,244	2,340,858
Unrestricted:		
Accrued unfunded pension liability	(445,834)	(408,354)
Designated to Subsequent Year's Budget	314,300	380,305
Undesignated	591,855	494,252
Total Unrestricted	460,321	466,203
Total Net Position	2,857,565	2,807,061
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 4,746,238	$ 4,957,653

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, 2017 and 2016

	December 31,	
	2017	2016
Operating Revenues:		
Service Charges	$ 912,490	$ 937,921
Connection Fees		39,933
Penalties on Delinquent Rents	30,322	35,819
Reserve for Debt Service	61,000	61,000
Miscellaneous	4,085	27,375
Total Operating Revenue	1,007,897	1,102,048
Operating Expenses:		
Administration Expenses:		
Salaries and Wages	45,613	45,254
Fringe Benefits	85,555	78,937
Other	52,193	61,760
Total Administration Expenses	183,361	185,951
Cost of Providing Services:		
Salaries and Wages	63,764	67,555
Other	602,393	716,133
Total Cost of Providing Services	666,157	783,688
Depreciation	93,614	93,613
Total Operating Expenses	943,132	1,063,252
Operating Income (Loss)	64,765	38,796
Non-Operating Revenue (Expenses):		
Amortization of Premium on Capital Lease	6,981	6,981
Bond Interest	(34,011)	(39,781)
Investment Income	12,769	9,843
Total Non-Operating Revenue (Expenses)	(14,261)	(22,957)
Change in Net Position	50,504	15,839
Net Position - Beginning of Year	2,807,061	2,791,222
Net Position - End of Year	$ 2,857,565	$ 2,807,061

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, 2017 and 2016

	December 31, 2017	December 31, 2016
Cash Flows from Operating Activities:		
Receipts from Customers	$ 926,916	$ 954,021
Receipts from Other Operating Revenue	46,798	109,996
Payments to Employees	(124,979)	(118,329)
Payments for Employee Benefits	(44,017)	(41,335)
Payments to Suppliers	(822,896)	(799,999)
Net Cash Provided by Operating Activities	(18,178)	104,354
Cash Flows from Capital and Related Financing Activities:		
Capital Acquisitions		(26,325)
Prepaid Debt Service		(16,749)
Debt Service:		
Principal	(150,000)	(145,000)
Interest	(18,025)	(22,151)
Net Cash Used in Capital and Related Financing Activities	(168,025)	(210,225)
Cash Flows from Investing Activities:		
Interest and dividends	11,194	8,268
Net Increase (Decrease) in Cash and Cash Equivalents	(175,009)	(97,603)
Cash and Cash Equivalents - Beginning	1,322,775	1,420,378
Cash and Cash Equivalents - Ending	$ 1,147,766	$ 1,322,775
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ 64,765	$ 38,796
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	93,614	93,613
(Increase) Decrease in Consumer Accounts Receivable	17,247	12,720
(Increase) Decrease in Due from Beverly Sewerage Authority	(128,488)	(8,174)
(Increase) Decrease in Reserve for Debt Service	(61,000)	(61,000)
Increase (Decrease) in Escrow Deposits	(2,652)	2,447
Increase (Decrease) in Overpayments	(2,820)	935
Increase (Decrease) in Accounts Payable	(3,432)	2,371
Increase (Decrease) in Due to Beverly Sewerage Authority	(30,901)	(24,480)
Increase (Decrease) in Compensated Absences Payable	(2,912)	6,036
Increase (Decrease) in Payroll Deductions Payable	921	586
Increase (Decrease) in Pension Liability	37,480	40,504
Net Cash Provided by (Used for) Operating Activities	$ (18,178)	$ 104,354

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, 2017

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 2013 State population estimate is 4,558.

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.* 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 also provides 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 legally entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. As of December 31, 2017, it has been determined by the Authority that no component units exist.

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.

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.

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

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:

	Years
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 capital lease agreement with the Burlington County Bridge Commission are deferred and amortized over the term of the bonds using the straight line method.

Balance December 31, 2017	Premium
Premium Received	$ 139,612
Accumulated Amortization	101,801
Unamortized Balance	$ 37,811
Current Amortized Balance	$ 6,981

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.

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.

Recently Issued Accounting Pronouncements – In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017 and will not have any effect on the Authority's financial reporting.

In March 2016, the GASB issued Statement 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

Recently Issued Accounting Pronouncements (Continued) - In January 2017, the GASB issued Statement 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

In June 2017, the GASB issued Statement 87, *Leases.* This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements.* The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements.

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. 17:9-41et 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 $1,143,975 as of December 31, 2017, $250,000 was insured under FDIC and the remaining balance of $893,975 was collateralized under GUDPA.

NOTE 4. SEWER SERVICE CHARGES

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

Year Ending Dec. 31,	Beginning Balance	Consumer Charges	Total	Collections	Percentage of Collections
2017	$ 131,351	$ 912,490	$ 1,043,841	$ 929,737	89.07%
2016	144,071	937,921	1,081,992	950,641	87.86%
2015	176,793	944,819	1,121,612	977,541	87.16%
2014	157,332	957,911	1,115,243	938,450	84.15%
2013	135,489	952,891	1,088,380	931,048	85.54%

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31, 2017, the following changes in Property, Plant and Equipment occurred:

	Balance Dec. 31, 2016	Additions	Disposals	Balance Dec. 31, 2017
Machinery and Equipment	$ 46,695	$ -	$ -	$ 46,695
Infrastructure	5,005,782			5,005,782
	5,052,477	-		5,052,477
Depreciation	(1,766,619)	(93,614)		(1,860,233)
Completed (Net of Accumulated Depreciation)	$ 3,285,858	$ (93,614)	$ -	$ 3,192,244

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, 2017 is estimated at $58,804.

NOTE 7. PENSION PLANS

Description of Plans – Substantially all of the Authority's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). PERS is a defined benefit pension plans while the DCRP is a defined contribution pension plan. 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 and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

Public Employees' Retirement System (PERS)

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 Fire District, 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.

Vesting and Benefit Provisions – The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. 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 $1/55^{th}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. 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.

NOTE 7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

The Authority's contractually required contribution rate for the year ended December 31, 2017 was 12.98% of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the fiscal year ended December 31, 2017 was $18,902 and is payable by April 1, 2018. Based on the PERS measurement date of June 30, 2016, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2016 was $17,624, which was paid by April 1, 2017.

Employee contributions to the pension plan during the year ended December 31, 2017 were $10,585.

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 Authority
2017	$ 2,757	$ 14,029	$ 838	$ 17,624
2016	2,947	13,576	885	17,408
2015	2,714	12,554	1,034	16,302

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, 2017, the Authority reported a liability of $474,969 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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.

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended December 31, 2017, the Authority recognized pension expense of $39,759. At December 31, 2017, the Authority reported a liability of $474,969 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	$ 11,184	$ -
Changes of assumptions	95,690	95,339
Net Difference between projected and actual earnings on pension plan investments	3,234	
Changes in proportion	19,584	5,218
Authority contributions subsequent to the measurement date	18,902	
Total	$ 148,594	$ 100,557

$18,902 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. 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 Outlows of Resources
2018		$ 13,991
2019		13,991
2020		13,671
2021		(12,656)
2022		138
Total		$ 29,135

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Additional Information

Collective balances at June 30, 2017 and 2016 are as follows:

	6/30/2017	6/30/2016
Collective deferred outflows of resources	$ 6,424,455,842	$ 8,685,338,380
Collective deferred inflows of resources	$ 5,700,625,981	$ 870,133,595
Collective net pension liability	$ 23,278,401,588	$ 29,617,131,759
Authority's Proportion	.0020403863%	.0019838230%

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Actuarial assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 2.24%
Salary Increases:
 Through 2026: 1.65-4.15% based on age
 Thereafter: 2.65-5.15% based on age
Investment Rate of Return: 7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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, 2017) 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.

7. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on 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. 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 made based on the contribution rate in the most recent fiscal year. The state employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

7. PENSION PLANS (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 measured as of June 30, 2017, calculated using the discount rate of 5.00%, 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 (4.00%) or 1 percentage point higher (6.00%) that the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Authority's proportionate share of the net pension liability	$ 589,231	$ 474,969	$ 379,774

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 is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 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 for the Divisions of Pensions and Benefits by Prudential Financial. 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. In addition to the employee contributions, the District's contribution amounts for each pay period are transmitted to Prudential Financial 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, 2017, 2016 and 2015.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The financial statements of the Authority are not prepared in accordance with Governmental Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

Plan Description – The Authority contributes to the State Health Benefits Program ("SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, chapter 9 of the New Jersey Administrative code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement 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.

NOTE 9. CAPITAL LEASE PAYABLE

The Authority entered into a lease agreement dated May 21, 2003 with the Burlington County Bridge Commission Pooled-Lease Program for the financing of Cooperstown Road Sewer Line Extension. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the date of inception.

The following schedule reflects the Debt Service Requirements until 2023:

Year Ending Dec. 31,	Principal	Interest	Total
2018	$ 115,000	$ 30,200	$ 145,200
2019	120,000	25,600	145,600
2020	125,000	20,800	145,800
2021	130,000	15,800	145,800
2022-2023	265,000	16,000	281,000
			-
Total	$ 755,000	$ 108,400	$ 863,400
Current Portion	115,000		
Long-Term	$ 640,000		

NOTE 10. NET POSITION

Net Position Appropriated

The Authority ended the year with an unrestricted net position of $906,155; however, $314,300 has been appropriated and included as support in the operating and capital budgets for the year ending December 31, 2018.

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, 2018 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, 2017 and 2016 the Delanco Township Sewerage Authority paid the City of Beverly Sewerage Authority $475,462 and $615,621 respectively, in accordance with this agreement.

NOTE 12. DEBT

New Jersey Environmental Infrastructure Trust

In October 1998, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling $550,000 from the Trust and $416,075 from the Fund. The loan proceeds were used to fund a sewer system rehabilitation project. As of December 31, 2017, the Authority has drawn $966,075, the total amount of these funds.

The Fund Loan is a non-interest bearing loan with the first semi-annual payment paid August 1, 2000. The Trust Loan carries interest rates from 4.00% to 4.50%. The Fund Loan matures on February 1, 2015 while the Trust Loan matures on September 1, 2018.

The following schedule reflects the Debt Service Requirements for both N.J.E.I.T. Loans until 2018:

Year Ending Dec. 31,	Principal	Interest	Total
2018	$ 40,000	$ 1,800	$ 41,800
			-
Total	$ 40,000	$ 1,800	$ 41,800
Current Portion	40,000		
Long-Term	$ -		

NOTE 13. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial coverage for the past several years. The Authority has also contracted with the State Health Benefits Fund to provide medical and prescription coverage for its employees.

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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Operating Revenues:					
Service Fees	$ 800,000	$ -	$ 800,000	$ 912,490	$ 112,490
Connection Fees	9,195		9,195		(9,195)
Reserve for Debt Service	61,000		61,000	61,000	
Penalties on Delinquent Service Fees	20,000		20,000	30,322	10,322
Miscellaneous				4,085	4,085
Total Operating Revenues	890,195		890,195		117,702
Non-Operating Revenues:					
Interest on Investments and Deposits	5,000		5,000	12,769	7,769
Total	$ 895,195	$ -	$ 895,195	$ 12,769	$ 125,471
Expenses:					
Administration:					
Salaries and Wages:					
Authority Members	$ 7,000	$ -	$ 7,000	$ 7,000	$ -
Secretary/Treasurer	39,500		39,500	38,113	1,387
Deputy Secretary/Treasurer	2,000		2,000	500	1,500
Total Salaries and Wages	48,500		48,500	45,613	2,887
Employee Benefits:					
Public Employees Retirement System	19,000		19,000	55,215	(36,215)
Social Security	16,000		16,000	9,893	6,107
Unemployment Compensation Insurance	500		500	392	108
Workers Compensation Insurance	9,000		9,000	3,531	5,469
Hospitalization Insurance	27,000		27,000	16,524	10,476
Total Employee Benefits	71,500		71,500	85,555	(14,055)
Other Expenses:					
Legal Services and Costs	8,500		8,500	5,463	3,037
Auditing Fees	11,500		11,500	11,700	(200)
Office Expenses	18,000		18,000	11,564	6,436
Telephone	3,500		3,500	2,276	1,224
Other Insurance Premiums	24,000		24,000	21,190	2,810
Inspection Fees	500		500		500
Education, Training & Conferences	1,000		1,000		1,000
Codification	2,000		2,000		2,000
Total Other Expenses	69,000		69,000	52,193	16,807
Total Administration	189,000		189,000	183,361	5,639

(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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Operating and Maintenance Expenses:					
Salaries	$ 70,000	$ -	$ 70,000	$ 63,764	$ 6,236
Electric Power	24,000		24,000	14,305	9,695
Equipment and Supplies	27,000		27,000	24,062	2,938
Repairs and Maintenance - Contractual	20,000		20,000	7,717	12,283
Repairs and Maintenance - Lines	8,000		8,000	2,996	5,004
Repairs and Maintenance - Equipment	10,000		10,000	1,693	8,307
Purchase of Equipment	50,000		50,000	43,989	6,011
Beverly Sewerage Authority - Contractual	650,000		650,000	475,462	174,538
Engineer Services	15,000		15,000	10,403	4,597
Sub-Contractor	21,400		21,400	19,261	2,139
Other Expenses	4,000		4,000	2,505	1,495
Total Operating and Maintenance Expenses	899,400		899,400	666,157	233,243
Total Cost of Providing Service	899,400		899,400	666,157	233,243
Debt Service:					
Principal on loans:					
NJEIT Loan	40,000		40,000	40,000	
Revenue Loan	110,000		110,000	110,000	
Interest on loans:					
NJEIT Loan	3,600		3,600	3,600	
Revenue Loan	33,500		33,500	30,411	3,089
Total Debt Service	187,100		187,100	184,011	3,089
Total Operating Expenses and Debt Service	1,275,500		1,275,500	1,033,529	241,971
Excess Operating Expenses and Debt Service over Anticipated Revenues	$ (380,305)	$ -	$ (380,305)	$ (1,020,760)	$ 367,442

Reconciliation to Operating Income:

Excess Operating Expenses and Debt Service over Anticipated Revenues		$ 367,442
Increased by:		
Loan Principal	$ 150,000	
Loan Interest	34,011	
		184,011
		551,453
Decreased by:		
Net Assets Appropriated	380,305	
Depreciation	93,614	
Interest Earned on Deposits	12,769	
		486,688
Operating Income (Exhibit B)		$ 64,765

DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Cash
Unrestricted and Restricted
For the Year Ended December 31, 2017

Analysis of Cash Balance, December 31,2017

Unrestricted Cash:		
Delanco Federal Savings Bank:		
Checking Accounts	$ 404,332	
Certificate of Deposits	713,684	
Payroll Account	19,827	
Cash on Hand	100	
Total Unrestricted Cash		$ 1,137,943
Restricted Cash:		
Delanco Federal Savings Bank:		
Escrow Control Account		9,823
Total Cash		$ 1,147,766

DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Consumer Accounts Receivable
For the Fiscal Year Ended December 31, 2017

Balance December 31, 2016	$	131,351
Increased by:		
2017 Consumer Charges Billed		912,490
		1,043,841
Decreased by:		
Cash Received		929,737
Balance December 31, 2017	$	114,104

Schedule of Consumer Charge Components
For the Fiscal Year Ended December 31, 2017
(With comparative actual amounts for the year ended December 31, 2016)

	December 31, 2017		December 31, 2016	
Classification	Number	Amount	Number	Amount
Residential	1,820	$ 812,266	1,815	$ 862,942
Schools	2	2,866	2	2,895
Churches	2	1,320	2	1,320
Commercial	40	84,184	40	59,390
Other	12	11,854	11	11,374
	1,876	$ 912,490	1,870	$ 937,921

DELANCO TOWNSHIP SEWERAGE AUTHORITY
Schedule of Accounts Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	$	5,739
Increased by:		
Operating Expenditures		2,306
Subtotal		8,045
Decreased by:		
Disbursed		5,739
Balance December 31, 2017	$	2,306

DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Escrow Deposits on Account
For the Year Ended December 31, 2017

Balance December 31, 2016	$	12,475
Increased by:		
Cash Received		5,358
Subtotal		17,833
Decreased by:		
Cash Paid for Escrow Expenses		8,010
Balance December 31, 2017	$	9,823

DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Accrued Interest Payable
For the Year Ended December 31, 2017

Balance December 31, 2016		$ 17,004
Increased by:		
Interest charges for the Year Ended December 31, 2017:		
Budget - NJ Infrastructure Trust Loan	$ 3,600	
Budget - Burlington County Bridge Commission Loan	33,500	
	37,100	
Less - paid from cash on hand with trustee	(2,337)	
		34,763
Subtotal		51,767
Decreased by:		
Cash Disbursed		37,100
Balance December 31, 2017		$ 14,667

DELANCO TOWNSHIP SEWERAGE AUTHORITY

Schedule of Property Plant and Equipmemt - Completetd
For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Disposals	Balance December 31, 2017
Sewer Lines	$ 5,013,929	$ -	$ -	$ 5,013,929
Machinery and Equipment	38,547			38,547
	5,052,476			5,052,476
Less Accumulated Depreciation	(1,766,618)	(93,614)		(1,860,232)
Total	$ 3,285,858	$ (93,614)	$ -	$ 3,192,244

Required Supplementary Information - Part III

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

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Authority's proportion of the net pension liability (asset)	0.0020403863%	0.0019838230%	0.0020248175%	0.0019774727%
Authority's proportionate share of the net pension liability (asset)	$ 474,969	$ 587,551	$ 454,531	$ 370,237
Authority's covered-employee payroll	145,600	141,356	128,290	139,672
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	326.21%	415.65%	354.30%	265.08%
Plan fiduciary net position as a percentage of the total pension liability	36.78%	31.20%	38.21%	42.74%

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 Four Fiscal Years

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Contractually required contribution	$ 18,902	$ 17,624	$ 17,408	$ 16,302
Contributions in relation to the contractually required contributions	(18,902)	(17,624)	(17,408)	(16,302)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 145,600	$ 141,356	$ 121,972	$ 139,672
Contributions as a percentage of covered-employee payroll	12.98%	12.47%	14.27%	11.67%

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
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended December 31, 2017

1. Public Employees' Retirement System (PERS)

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

Changes of assumptions. Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

Single Audit Section

DELANCO TOWNSHIP SEWERAGE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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 defiencies 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 FISCAL YEAR ENDED DECEMBER 31, 2017

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 FISCAL YEAR ENDED DECEMBER 31, 2017

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
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.

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

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

May 31, 2018