

**WEYMOUTH TOWNSHIP MUNICIPAL
UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)**

REPORT OF AUDIT

FOR THE YEARS ENDED

DECEMBER 31, 2022 AND 2021

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)

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INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of the
Weymouth Township Municipal Utilities Authority
(A component unit of the Township of Weymouth)
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Weymouth Township Municipal Utilities Authority (a component unit of the Township of Weymouth) in the County of Atlantic, State of New Jersey, as of and for the periods ended December 31, 2022 and 2021, 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 Weymouth Township Municipal Utilities Authority (a component unit of the Township of Weymouth), as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year 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 (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Township of Downe 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 the generally accepted accounting principles. 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the 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 charge 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 budgetary comparison information* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 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 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 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.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Harvey C. Cocozza, Jr.

**Harvey C. Cocozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551**

November 30, 2023

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REQUIRED SUPPLEMENTARY INFORMATION I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Weymouth Township Municipal Utilities Authority (a component unit of the Township of Weymouth) annual financial report presents management's analysis of the Authority's financial condition and activities for the year. This information should be read in conjunction with the financial statements.

Financial Highlights

Management believes the Authority's financial condition is strong. The Authority is well within the more stringent financial policies and guidelines set by the Board. The following are key financial highlights:

- Total assets at year-end were \$872,377 and exceeded liabilities in the amount of \$568,860, (i.e. net position). Of the \$95,101 classified as unrestricted, the total amount was available to support short-term operations. Total assets decreased approximately \$40,979. Total Net Position increased approximately \$8,612.
- Operating revenues were \$195,628. This represents a decrease of approximately \$22,000 compared to 2021.
- Operating expenses increased approximately \$14,945 from amounts charged in 2021.
- The operating surplus for the year was \$16,915. Net position at the beginning of the year was \$560,248 and was \$568,860 at the end of 2022. Net position increased by \$8,612 due to water and sewer rates exceeding the cost of providing services.

Overview of Annual Financial Report

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

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The **statement of net position** presents the financial position of the Authority on a full accrual historical cost basis. The statement of net position presents information on all the Authority's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the **statement of revenues, expenses, and changes in net position** presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Authority's recovery of its costs.

The **statement of cash flows** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash

disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

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

Supplementary information comparing the budget to actual expenses, as well as important debt coverage data, is provided.

Summary of the Organization and Business

The Authority was created to construct and operate a wastewater system and to provide potable water to the Belcoville section of the Township of Weymouth, New Jersey. The Authority is a component unit of the Township of Weymouth.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

The Authority has no taxing power. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded mainly by Federal and State grants and loans and customer revenues.

Financial Analysis

The following condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in each section by the name of the statement or account.

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Condensed Financial Statements

The following is a summary of the Authority's Net Position as of December 31, 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Capital Assets:			
Producing Assets	\$ 667,196	694,195	721,194
Current Assets	197,040	218,939	157,983
Deferred Outflows Related to Pensions	8,141	222	1,256
Total Assets	<u>872,377</u>	<u>913,356</u>	<u>880,433</u>
LIABILITIES			
Current Liabilities	60,542	79,590	50,295
Long Term Liabilities	239,376	266,259	306,970
Deferred Inflows Related to Pensions	3,599	7,259	6,847
Total Liabilities	<u>303,517</u>	<u>353,108</u>	<u>364,112</u>
NET POSITION			
Invested in capital assets, net of related debt	411,508	380,968	394,025
Designated for future maintenance	62,251	62,251	62,251
Unrestricted	95,101	117,029	60,045
Total Net Position	<u>\$ 568,860</u>	<u>560,248</u>	<u>516,321</u>

The following is the summary of the changes in Net Position for the years ended December 31, 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:			
Water and Sewer Rental	\$ 195,628	218,056	232,949
Other income	-	-	2,501
Total Operating Revenue	<u>195,628</u>	<u>218,056</u>	<u>235,450</u>
Expenses:			
Cost of Providing Service	100,442	103,601	85,689
General and Administrative	51,272	33,168	29,446
Depreciation	26,999	26,999	26,999
Total Operating Expenses	<u>178,713</u>	<u>163,768</u>	<u>142,134</u>
Operating Income	16,915	54,288	93,316
Non-operating revenue/(expense) net	<u>(8,303)</u>	<u>(10,361)</u>	<u>(11,889)</u>
Increase/(Decrease) In Net Position	<u>\$ 8,612</u>	<u>43,927</u>	<u>81,427</u>

General Trends and Significant Events

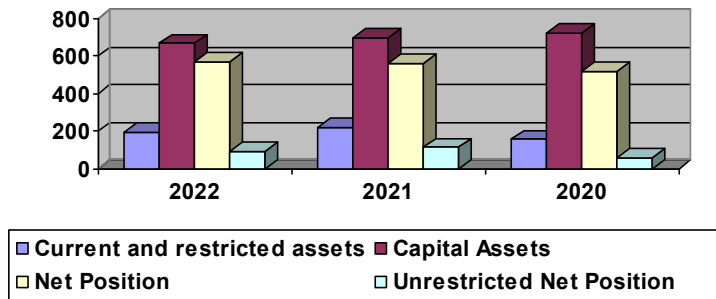
During the fiscal year ended December 31, 2022 the Authority maintained both residential and commercial customer accounts.

The Authority continues to maintain and improve the lines each year. The Authority is currently working to replace a significant portion of the water and sewer system. The rate structure is reviewed annually to ensure revenues are sufficient to meet the costs of maintaining the system.

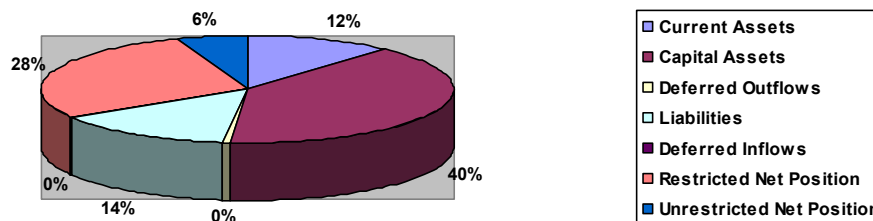
Financial Condition

The Authority's financial condition remained strong at year-end with adequate liquid assets, reliable systems to meet demand and a reasonable level of unrestricted net position. The current financial condition and operating and expansion plans to meet anticipated customer needs are well balanced and under control. The following charts summarize the statement of net position at December 31, 2022, 2021 and 2020.

Assets and Net Position in thousands



FY 2022 Balance Sheet



Total assets remained consistent with the prior year.

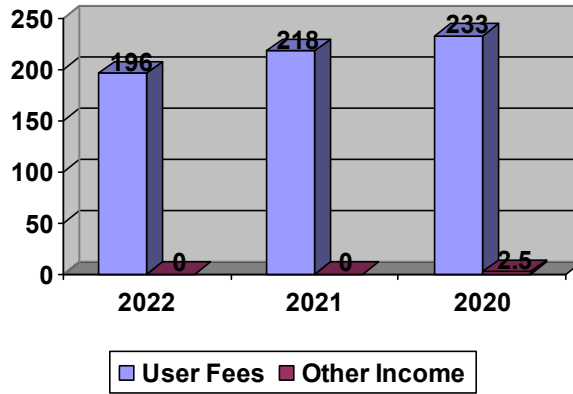
Unrestricted net position and restricted net position Increased approximately \$8,600 as a result of Water and Sewer Rentals less than the cost of providing services.

Accounts receivable remained relatively consistent with the prior year. This is the result of the MUA's oversight in ensuring that customer accounts are paid in a timely manner throughout the year.

Results of Operations

Operating Revenues: Revenues from operations fall into two general categories: rental fees and other. The following chart depicts revenues for the current and preceding years.

Operating Revenues (in thousands)

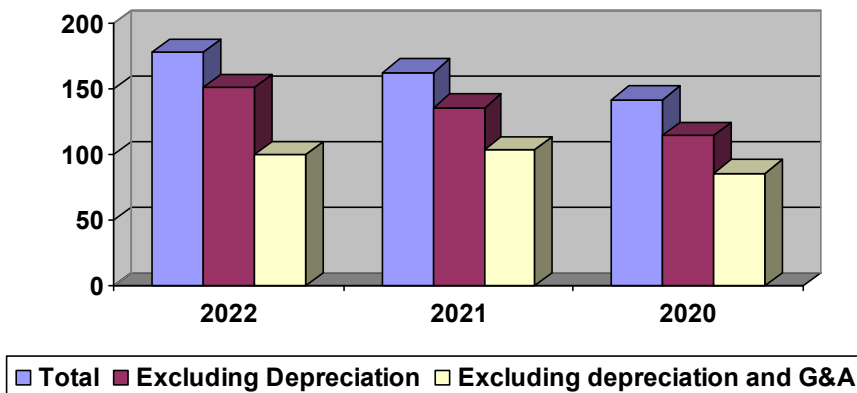


The rental fees decreased approximately \$22,428.

Expenses: Operating expense increased in 2022 as compared to 2021.

Operating expenses, including and excluding depreciation, for 2022, 2021 and 2020 are graphed below:

Operating Expenses (in thousands)



The following table presents the composition of operating expenses by major classification of expense for 2022, 2021 and 2020:

	2022		2021		2020	
Salaries & Fringe	\$ 12,780	7.15%	\$ 10,892	6.65%	\$ 6,920	4.87%
Engineer	-	0.00%	-	0.00%	3,625	2.55%
Professional Services	21,064	11.79%	3,911	2.39%	6,500	4.57%
Utilities	2,719	1.52%	3,324	2.03%	5,625	3.96%
Water Service Costs	23,282	13.03%	23,232	14.19%	23,889	16.81%
Sewer Treatment Costs	77,160	43.18%	80,369	49.07%	61,800	43.48%
Other	14,709	8.23%	15,041	9.18%	6,776	4.77%
Depreciation	26,999	15.11%	26,999	16.49%	26,999	19.00%
Total	<u>\$ 178,713</u>	<u>100.00%</u>	<u>\$ 163,768</u>	<u>100.00%</u>	<u>\$ 142,134</u>	<u>100.00%</u>

Cash Flow Activity

The following table shows the Authority's ability to generate net operating cash. Net cash provided by operating activities is shown both in total dollars and as a percentage of operating revenues.

	2022	2021	2020
Total operating revenues	\$ 195,628	218,056	235,450
Net cash provided by operations	51,565	79,092	99,380
Net operating cash as a % of operating revenue	26.36%	36.27%	42.21%

Capital Assets and Debt Administration

Capital assets, net of depreciation, decreased approximately \$26,999 during 2022. This is due to the current year depreciation expense.

The Authority continued to pay off outstanding debt throughout 2022. As of December 31, all scheduled debt payments were made for 2022, 2021 and 2020. Refer to Note 3 for the detail of the Authority's outstanding debt.

Contacting the Authority's Management

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about this report or need additional financial information, contact the Chairman of the Weymouth Township Municipal Utilities Authority (A component unit of the Township of Weymouth), 112 Steelman Landing Road, Mays Landing, NJ 08330.

FINANCIAL SECTION

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WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
STATEMENTS OF NET POSITION
as of December 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 183,128	197,815
Accounts Receivable	10,149	19,630
Prepaid Insurance	3,763	1,494
Total Current Assets	<u>197,040</u>	<u>218,939</u>
Capital Assets:		
Capital Assets, net of depreciation	<u>667,196</u>	<u>694,195</u>
Total Property, Plant and Equipment	<u>667,196</u>	<u>694,195</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>8,141</u>	<u>222</u>
Total Deferred Outflows of Resources	<u>8,141</u>	<u>222</u>
TOTAL ASSETS	<u>\$ 872,377</u>	<u>913,356</u>

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
STATEMENTS OF NET POSITION
as of December 31,

	2022	2021
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Current Portion of Long Term Debt	\$ 36,788	57,539
Accrued Interest	910	1,320
Due to Hamilton Township Municipal Utilities Authority	22,844	20,731
Total Current Liabilities	60,542	79,590
Long Term Liabilities:		
Note Payable - long term portion	-	22,000
Bonds Payable - long term portion	218,900	233,688
Net Pension Liability	20,476	10,571
Total Long Term Liabilities	239,376	266,259
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	3,599	7,259
Total Deferred Inflows of Resources	3,599	7,259
TOTAL LIABILITIES	303,517	353,108
Net Position:		
Investment in capital assets, net of related debt	411,508	380,968
Designated:		
Operations and Maintenance	40,176	40,176
Renewal and Replacement	22,075	22,075
Unrestricted	95,101	117,029
Total Net Position	568,860	560,248
TOTAL LIABILITIES AND NET POSITION	\$ 872,377	913,356

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Water and Sewer Rental	\$ 195,628	218,056
Total Operating Revenues	<u>195,628</u>	<u>218,056</u>
Operating Expenses:		
Administrative and General	51,272	33,168
Cost of Providing Services	100,442	103,601
Depreciation	26,999	26,999
Total Operating Expenses	<u>178,713</u>	<u>163,768</u>
Operating Surplus	<u>16,915</u>	<u>54,288</u>
Nonoperating Revenue (Expense):		
Interest Income	-	44
Interest Expense	<u>(8,303)</u>	<u>(10,405)</u>
Total Non-Operating Revenue/(Expense)	<u>(8,303)</u>	<u>(10,361)</u>
Increase/(Decrease) in Net Position	8,612	43,927
Net Position at beginning of year	<u>560,248</u>	<u>516,321</u>
Net Position at end of year	<u>\$ 568,860</u>	<u>560,248</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 205,109	211,498
Cash paid to suppliers and employees	(153,544)	(132,406)
	<u>51,565</u>	<u>79,092</u>
Cash Flows from Investing Activities:		
Interest earned on investments	-	44
	<u>-</u>	<u>44</u>
Cash Flows from Capital and Related Financing Activities:		
Principal payment on bonds and notes	(57,539)	(13,942)
Interest paid on bonds and notes	(8,713)	(10,796)
	<u>(66,252)</u>	<u>(24,738)</u>
Increase/(Decrease) in cash and cash equivalents	(14,687)	54,398
Cash and cash equivalents at beginning of year	<u>197,815</u>	<u>143,417</u>
Cash and cash equivalents at end of year	<u>\$ 183,128</u>	<u>197,815</u>
<u>Reconciliation to the Balance Sheet</u>		
Unrestricted Cash	\$ 183,128	197,815
	<u>\$ 183,128</u>	<u>197,815</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	\$ 16,915	54,288
Adjustments:		
Depreciation	26,999	26,999
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	9,481	(6,558)
(Increase) in Prepaid Expenses	(2,269)	-
(Decrease) in Accounts Payable	2,113	7,089
(Decrease) in Net Pension Liability	(1,674)	(2,726)
(Decrease) in Accrued Payroll Taxes	-	-
	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 51,565</u>	<u>79,092</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

Note 1: Organization

The Weymouth Township Municipal Utilities Authority was created to construct and operate a potable water and wastewater collection and treatment system to serve the municipality of Weymouth Township. The Hamilton Township Municipal Utilities Authority bills and collects the revenue from users of the system on behalf of the Weymouth Township Municipal Utilities Authority. The Authority is a component unit of the Township of Weymouth.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

Note 2: Summary of Significant Accounting Policies

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Authority applies all Governmental Accounting Standard Board (GASB) pronouncements currently in effect.

Reporting Entity

The Authority's financial statements include the accounts of all authority operations. The Authority, as a component unit of the Township of Weymouth, is financially accountable to the Township. The primary criterion for including activities within the Authority's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is a fiscal dependency by the organization on the Authority

Based on the criteria, the Authority has no component units.

The Authority, as a component unit, issues separate financial statements from the Township.

Basis of Financial Statements

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or 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, management control, accountability, or other purposes.

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

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 and all liabilities associated with the operations are included on the balance sheet. Net Position (i.e. total assets net of total liabilities) are segregated into “invested in capital assets, net of related liabilities” and “unrestricted” components.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures in accordance with NJSA 40A:5A. The budget is then submitted and approved by State of New Jersey Division of Local Government Services. The operating budget adopted annually covers the general fund activity only. The current operating budget details the Authority’s plans to earn and expend funds for charges incurred for the operation, maintenance, certain interest and general functions, and other charges for the fiscal year.

Risks of Loss

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers compensation, flood damage, and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductibles associated with the policies and an event, which may exceed policy coverage limits.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks and 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. 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.

For the purpose of determining cash equivalents the Authority considers all investments with an original maturity of three months or less as cash equivalents

The Authority has by board resolution established a capital budget account. The Authority presently has the following accounts:

- Revenue – Serves as a depository for all monies collected
- General – Serves as an expenditure account, necessary amounts are transferred from the Revenue account
- Operating Reserve – As designated by the Authority for needed purposes

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Plant and Equipment

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed and is depreciated.

Maintenance and repairs, which do not significantly extend the value of life of plant and equipment, are expensed as incurred.

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

Water systems	40 years
Water/Sewer Lines	40 years
Pump Stations	40 years

Inventories of Supplies

The cost of inventories of supplies are recorded as expenditures at the time the individual items are purchased.

Revenues and Rate Structure

Revenues from services are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, reserves and debt service coverage.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues and expenses. Net position is classified in the following components: invested in capital assets, net of related liabilities; restricted for future maintenance and replacement; and unrestricted net position. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position for future maintenance and replacement consists of net position for which constraints are placed by self-imposed legal mandates. Unrestricted net position consists of all other net position not included in the above categories.

Long-term Obligations

Long-term debt is recognized as a liability of the Authority. A current liability is recorded for principal due within twelve months of the balance sheet date.

Recent Accounting Pronouncements Not Yet Effective

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement is effective after June 15, 2022, will not have any effect on the Authority's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective after June 15, 2022, could have any effect on the Authority's financial reporting.

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In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for periods beginning after June 15, 2022 and June 15, 2023, and will not have any effect on the Authority's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023, and will not have any effect on the Authority's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023, and will not have any effect on the Authority's financial reporting.

Note 3: Long Term Debt

	<u>Dec. 31, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Dec. 31, 2022</u>	Amounts Due within <u>One year</u>
1983 Issue	\$ 19,924		(9,902)	10,022	10,022
2008 issue	65,000		(43,000)	22,000	22,000
2013 Issue	<u>228,303</u>		<u>(4,637)</u>	<u>223,666</u>	<u>4,766</u>
Total	<u>\$ 313,227</u>	<u>-</u>	<u>(57,539)</u>	<u>255,688</u>	<u>36,788</u>

Revenue Bonds Payable

The Authority is obligated to the United States Department of Agriculture – Rural Development for two outstanding loans. The 1983 issue of \$183,800 is payable in annual installments with interest at 5% per annum and matures in August 2023 - the balance remaining as of December 31, 2022 was \$10,022. The 2013 issue of \$263,000 is payable in semi-annual installments with interest at 2.75% per annum and matures June 2053 – the balance remaining as of December 31, 2022 was \$223,666. Payments made by the Authority agree with the amortization schedule established when the bonds were issued.

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Principal and interest requirements until maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 14,787	6,619	21,406
2024	4,898	5,986	10,884
2025	5,033	5,851	10,884
2026	5,173	5,711	10,884
2027	5,316	5,568	10,884
2028-32	28,871	25,549	54,420
2033-37	33,096	21,324	54,420
2038-42	37,939	16,481	54,420
2043-47	43,488	10,932	54,420
2048-52	49,854	4,566	54,420
2053	5,233	72	5,305
	<u>\$ 233,688</u>	<u>108,659</u>	<u>342,347</u>

Note Payable

The Authority is obligated to Sun National Bank for a promissory note issued March 15, 2008. The note is payable in annual installments with interest ranging from 3% to 5% per annum. The note matures in September 2023 - the balance remaining as of December 31, 2022 was \$22,000.

Principal and interest requirements until maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,000	1,100	23,100
	<u>\$ 22,000</u>	<u>1,100</u>	<u>23,100</u>

Note 4: Pension Plan

Description of Plans

Substantially all of the Authority's employees are covered by the Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is

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mandatory for substantially all full time employees of the State or any county, Authority, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 14.11% of covered payroll. The Authority's contributions to PERS for the years ending December 31, 2022, 2021 and 2020 were \$1,711, \$1,045, and \$989, respectively, equal to the required contributions for each year.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the

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amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

The Authority is billed annually for its normal contribution plus any accrued liability.

The Authority's contributions, equal to the required contribution for each fiscal year, were as follows:

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Paid by Authority
2022	\$ 127	48	950	1,125	1,125
2021	113	48	907	1,068	1,068
2020	83	46	846	975	975

Note 5: Public Employees Retirement System (PERS)

At December 31, 2022, the Authority reported a liability of \$20,476 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Authority's proportion was .000136808%, which was an decrease of .006% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Authority recognized pension expense of \$(1,674). At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 148	130
Changes of assumptions	63	3,066
Net difference between projected and actual earnings on pension plan investments	847	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,083	403
Total	\$ 8,141	3,599

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

Year ended June 30,	
2023	\$ (1,689)
2024	(1,539)
2025	(880)
2026	(356)
2027	(77)
Total	\$ (4,542)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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 disable 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 generational basis. Mortality improvement is based on Scale MP-2021.

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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.

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 real 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US 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%	4.91%

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 made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the 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 or 1-percentage point higher than the current rate:

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 24,879	\$ 20,746	\$ 17,233

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 6: 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.

Property and Liability Insurance - The Authority maintains commercial insurance coverage for property and liability. There has been no significant decrease in insurance coverage and there have been no claims in excess of the coverage.

Note 7: Cash and Cash Equivalents and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered 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, bail funds or fund that may pass to the Authority relative to the happening of a future condition. As of December 31, 2022, and 2021, \$0 of the Authority's respective bank balances of \$192,592 and \$205,816 were exposed to custodial credit risk.

Note 8: Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2022 and 2021 is as follows:

	Balance 1/1/2022	Additions	Disposals	Balance 12/31/2022
Water System & Improvements	\$ 1,386,294			1,386,294
	1,386,294	-	-	1,386,294
Accumulated Depreciation	(692,099)	(26,999)		(719,098)
Net Fixed Assets	\$ 694,195	(26,999)	-	667,196

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	Balance 1/1/2021	Additions	Disposals	Balance 12/31/2021
Water System & Improvements	\$ 1,386,294			1,386,294
	<u>1,386,294</u>	<u>-</u>	<u>-</u>	<u>1,386,294</u>
Accumulated Depreciation	(665,100)	(26,999)		(692,099)
Net Fixed Assets	<u>\$ 721,194</u>	<u>(26,999)</u>	<u>-</u>	<u>694,195</u>

Note 9: Net Position Appropriated

Of the \$95,101 unreserved net position balance at December 31, 2022, \$111,035 is available to be appropriated. Net position available for appropriation is net of the net pension adjustment of (\$15,934). \$0 has been appropriated and is also included as anticipated revenue for the budgetary year ending December 31, 2023; and the unreserved and undesignated fund balance is \$95,101.

Note 10: Net Position

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Invested in capital assets, net of related liabilities		
Net plant and equipment in service	\$ 667,196	694,195
Deductions:		
Debt	(255,688)	(313,227)
	<u>411,508</u>	<u>380,968</u>
Restricted for future operations and maintenance		
Renewal and Replacement	22,075	22,075
Restricted cash and equivalents	<u>40,176</u>	<u>40,176</u>
Unrestricted	<u>95,101</u>	<u>117,029</u>
Total net assets	<u>\$ 568,860</u>	<u>560,248</u>

Note 11: Reclassification of Prior Balances

Certain accounts have been reclassified in the prior year to conform with categories established in the current fiscal year.

Note 12: Subsequent Events

The Authority has evaluated subsequent events through November 30, 2023, the date which the financial statements were available to be issued and no subsequent events were noted for disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION II

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WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF AUTHORITY CONTRIBUTION
PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,711	1,045	989	896	926	875	844	806	1,090	1,065
Contributions in relation to the contractually required contribution	1,711	1,045	989	896	926	875	844	806	1,090	1,065
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	\$ 10,982	10,982	6,920	6,920	6,838	6,540	6,540	6,540	6,540	6,540
Contributions as a percentage of covered-employee payroll	15.58%	9.52%	14.29%	12.95%	13.54%	13.38%	12.91%	12.32%	16.67%	16.28%

Source: GASB 68 report on Public Employees' Retirement System; Authority records

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset)	0.00013680800%	0.00604875920%	0.00009040640%	0.00009211420%	0.00009309560%	0.0000944523%	0.0000950038%	0.0000947970%	0.0000944946%	0.0130709700%
Authority's proportionate of the net pension liability (asset)	\$ 20,476	14,743	14,743	16,598	18,330	21,897	28,137	21,280	17,692	26,202
Authority's covered payroll	\$ 10,982	10,982	6,920	6,920	6,920	6,540	6,540	6,540	6,540	6,540
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	186.45%	134.25%	213.05%	239.86%	268.06%	334.82%	430.23%	325.38%	270.52%	400.64%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.30%	56.30%	46.40%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; Authority records

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of the
Weymouth Township Municipal Utilities Authority
(A component unit of the Township of Weymouth)
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities, as listed in the accompanying table of contents, of the Weymouth Township Municipal Utilities Authority (A component unit of the Township of Weymouth), County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 30, 2023, which was unmodified.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness: 2022-1

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Harvey C. Coccozza, Jr.

Harvey C. Coccozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

November 30, 2023

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF FINDINGS AND RESPONSES

2022-1.

Criteria

The Authority must prepare complete and accurate financial statements and related disclosures which comply with the requirements of Generally Accepted Accounting Principles (GAAP).

Condition

The Authority does not have staff members who are sufficiently versed on financial reporting to prepare financial statements in accordance with GAAP.

Cause

The Authority does not have the financial resources to employ staff with the knowledge required to prepare financial statements in accordance with GAAP.

Effect

Those charged with governance are unable to monitor the financial condition of the Authority.

Recommendation

The Authority should continually work to improve on their financial reporting capabilities as is deemed reasonable after considering budgetary constraints.

Management Response

While the Authority understands the need to prepare financial statements in accordance with GAAP, it is currently beyond the Authority's financial resources to employ an individual with such capabilities.

STATUS OF PRIOR YEAR AUDIT FINDINGS

2021-1.

Finding

The Authority does not have staff members who are sufficiently versed on financial reporting to prepare financial statements in accordance with GAAP.

Current Status

This finding was not cleared and is included as 2022 finding 2022-1.

Management Response

While the Authority understands the need to prepare financial statements in accordance with GAAP, it is currently beyond the Authority's financial resources to employ an individual with such capabilities.

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF REVENUES AND APPROPRIATIONS COMPARED TO WATER BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget	Final Budget	2022 Actual	Variance Over/(Under) Budget to Actual
Revenues				
Water Rental	\$ 20,000	20,000	32,236	12,236
Total Revenues	20,000	20,000	32,236	12,236
Operating Expenses:				
Administrative and General				
Salaries and Wages	9,250	9,250	6,390	2,860
Audit	3,300	3,300	3,350	(50)
Office Supplies and Expenses	200	200	471	(271)
Fringe Benefits	250	250	563	(313)
Other Insurance	2,750	2,750	2,441	309
Miscellaneous	6,100	6,100	13,254	(7,154)
Total General and Administrative	21,850	21,850	26,469	(4,619)
Cost of Providing Services				
Purchase of Water	30,400	30,400	23,282	7,118
Water Tax	125	125	-	125
Capital Expense	2,000	2,000	-	2,000
	32,525	32,525	23,282	9,243
Total Costs of Providing Services	54,375	54,375	49,751	4,624
Deduct: Unreserved Net Position Utilized	(34,375)	(34,375)		-
Excess/(Deficit) of Revenues Over Expenditures	\$ -	-	(17,515)	7,612

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF REVENUES AND APPROPRIATIONS COMPARED TO SEWER BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget	Final Budget	2022 Actual	Variance Over/(Under) Budget to Actual
Revenues				
Sewer Rental	\$ 227,515	227,515	163,392	(64,123)
Total Revenues	227,515	227,515	163,392	(64,123)
Operating Expenses:				
Administrative and General				
Salaries and Wages	9,250	9,250	6,390	2,860
Audit	3,300	3,300	3,350	(50)
Office Supplies and Expenses	200	200	479	(279)
Fringe Benefits	250	250	563	(313)
Other Insurance	2,750	2,750	2,441	309
Miscellaneous	6,100	6,100	13,254	(7,154)
Total General and Administrative	21,850	21,850	26,477	(4,627)
Cost of Providing Services				
Sewer Treatment Costs	75,175	75,175	77,160	(1,985)
Capital Expense	2,000	2,000		2,000
Total Costs of Providing Services	77,175	77,175	77,160	15
Interest Expense	9,443	9,443	8,303	1,140
Principal	36,539	36,539	57,539	(21,000)
Total Costs Funded by Operating Revenue	145,007	145,007	169,479	(24,472)
Deduct: Unreserved Net Position Utilized				-
Excess/(Deficit) of Revenues Over Expenditures	\$ 82,508	82,508	(6,087)	(88,595)

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
RECONCILIATION OF BUDGETARY EXCESS OF REVENUE TO THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

Excess/(Deficit) of Revenues Over Expenditures - Water Budget	\$ (17,515)
Excess/(Deficit) of Revenues Over Expenditures - Sewer Budget	<u>(6,087)</u>
Subtotal	(23,602)
Add: Principal Payments included in Budgetary Expenses	57,539
Deduct: Pension Expense	1,674
Deduct: Depreciation Expense	<u>(26,999)</u>
Change in Net Position	<u>\$ 8,612</u>

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31,

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>2021</u>	<u>Issued</u>	<u>Paid</u>	<u>2022</u>
2008 Note	2008	250,000	<u>65,000</u>	<u> </u>	<u>43,000</u>	<u>22,000</u>
			<u>65,000</u>	<u> -</u>	<u>43,000</u>	<u>22,000</u>

Schedule of Note Maturity

<u>YEAR</u>	<u>Interest Rate</u>	<u>2008 Issue Amount</u>
2023	5.00%	22,000
Balance of unpaid principal at 12/31/22		<u>22,000</u>

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31,

DESCRIPTION	DATE OF ISSUE	ORIGINAL ISSUE	INTEREST RATE	2021	ISSUED	PAID	2022
1983 Issue	1983	183,800	5%	\$ 19,924		9,902	10,022
2013 Issue	2013	263,000	2.75%	228,303		4,637	223,666
				\$ 248,227	-	14,539	233,688

Schedule of Bond Maturities

YEAR	1983 Issue Amount	2013 Issue Amount
2023	10,022	4,766
2024		4,898
2025		5,033
2026		5,173
2027		5,316
2028		5,463
2029		5,614
2030		5,770
2031		5,930
2032		6,094
2033		6,263
2034		6,436
2035		6,614
2036		6,797
2037		6,986
2038		7,179
2039		7,378
2040		7,582
2041		7,792
2042		8,008
2043		8,229
2044		8,457
2045		8,691
2046		8,932
2047		9,179
2048		9,434
2049		9,695
2050		9,963
2051		10,239
2052		10,523
2053		5,232
Balance of unpaid principal at 12/31/22	10,022	223,666

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Fixed Assets		
Pump Station	\$ 1,099,177	\$ 1,099,177
Water System	250,000	250,000
Water and Sewer System	32,207	32,207
Fencing	<u>4,910</u>	<u>4,910</u>
Total Fixed Assets	<u>1,386,294</u>	<u>1,386,294</u>
Accumulated Depreciation	<u>719,098</u>	<u>692,099</u>
Total Fixed Assets, net of Accumulated Depreciation	<u><u>\$ 667,196</u></u>	<u><u>694,195</u></u>

WEYMOUTH TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A component unit of the Township of Weymouth)
SCHEDULE OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Net Pension Adjustment</u>	<u>Total</u>
Net Position - January 1, 2022	\$ 101,999	475,857	(17,608)	560,248
Budgetary Excess/(Deficit) of Revenue over Expenditures	(17,515)	(6,087)		(23,602)
Adjustment for:				
2022 Net Pension Expense			1,674	1,674
2022 Depreciation Expense	(6,250)	(20,749)		(26,999)
2022 Debt Payment - Principal		57,539		57,539
Net Position - December 31, 2022	<u>\$ 78,234</u>	<u>506,560</u>	<u>(15,934)</u>	<u>568,860</u>
Analysis of Net Position:				
Invested in Fixed Assets, Net of Related Debt		411,508		411,508
Restricted for:				
Operations and Maintenance	40,176			40,176
Renewals and Replacements	22,075			22,075
Unrestricted	<u>15,983</u>	<u>95,052</u>	<u>(15,934)</u>	<u>95,101</u>
Net Position - December 31, 2022	<u>\$ 78,234</u>	<u>506,560</u>	<u>(15,934)</u>	<u>568,860</u>