EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE
TOWNSHIP OF EAST WINDSOR)

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

NOVEMBER 30, 2022

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board Members of
East Windsor Municipal Utilities Authority

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), a component unit of the Township of East Windsor, as of and for the years ended November 30, 2022 and 2021, and the related notes to the financial statements, which 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 financial position of the Authority as of November 30, 2022 and 2021, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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.

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Auditors' Responsibilities for the Audits 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 auditors' 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, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of proportionate share of net pension liability and contributions, as listed in table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The accompanying budgetary comparison schedule and schedule of water and sewer revenue bonds, as listed in the table of contents, are presented for purposes of additional analysis and are 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 audits 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 GAAS. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for the portion marked "unaudited," the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the roster of officials, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.

Digesh B. Patel

Digesh B. Patel, CPA, MBA, CGMA, PSA, CMFO
Registered Municipal Accountant
License No. 578

Mercadien, P.C.
Certified Public Accountants

September 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the annual report presents management's analysis of the East Windsor Municipal Utilities Authority's (the "Authority") financial condition and activities for the year. This information should be read in conjunction with the Authority's financial statements.

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 and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; and notes to the financial statements.

The statements of net position present the financial position of the Authority on a full accrual historical cost basis. The statements present the Authority's assets and liabilities, with the difference reported as net position. Net position increases and decreases over time are indicators of improving or deteriorating financial position of the Authority.

The statements of revenues, expenses and changes in net position present the results of the business activities over the fiscal year and information as to how net position changed during the fiscal 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. These statements also provide information about the Authority's ability to recover its costs through user fees and other charges.

The statements of cash flows present changes in cash and cash equivalents resulting from operating activities, investing, capital and non-capital activities. The statements present cash receipts and disbursements without consideration of the earnings event. These statements show what sources provided cash, what cash was used for, and what the change in cash balance was for the reporting period.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Authority's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

Financial Highlights

2022

Total assets were $70,410,863 and total liabilities were $6,770,177 resulting in net position of $63,354,144 at November 30, 2022. Net position decreased by $136,869 from November 30, 2021.

The Authority's unrestricted net position increased by $510,806 for the year ended November 30, 2022.

Financial Highlights (Continued)

2022 (Continued)

The Authority's net pension liability was $4,032,044 and $3,345,591 as of November 30, 2022 and 2021, respectively.

The Authority had an operating loss of $163,891 for the year ended November 30, 2022, compared to $722,613 of operating income for the year ended November 30, 2021.

The change in operating income (loss) resulted from an increase of $15,922 in operating revenues and an increase of $902,427 in operating expenses.

The increase in operating revenues resulted from increased collections of user charges of $90,151 (1.3%), delinquent penalties of $37,276.88 (520.0%), and other income of $27,164 (7.7%), offset by a decrease of $137,820 (87.4%) in connection fees.

Other income includes income from a shared service agreement with the Township of Cranbury for which the Authority maintains their sewer collection system ($138,131), income from rental of space on cell towers ($173,522), and miscellaneous income ($73,710).

Administrative and general expenses increased $18,431 (1.9%) for the year ended November 30, 2022. Administrative general salaries and wages increased $31,223 (4.8%), and employee benefits increased $10,537 (13.5%) including an increase in pension expense of $113,298 (31.6%). Contracted services including professional fees decreased $36,419 (22.7%).

Cost of providing service expenses increased $727,475 (19.5%) for the year November 30, 2022. The largest areas of increase were in materials and supplies ($187,239 or 45.1%), repairs and maintenance, $181,023 or 49.7%), labor ($178,389 or 12.1%) and employee benefits ($146,649 or 54.4%). Utilities expense decreased by $41,200 (7.3%).

The cost of electric power at the sewerage treatment plant was $103,231 and $180,890 for the years ended November 30, 2022 and 2021, respectively, a decrease of $77,660 (42.9%) for the year ended November 30, 2022.

Depreciation expense increased $156,522 (7.1%).

The Authority's outstanding debt as of November 30, 2022, was $1,477,091, a decrease of $1,143,492 compared to November 30, 2021.

2021

Total assets were $72,203,092 and total liabilities were $7,240,840 resulting in net position of $63,491,012 at November 30, 2021. Net position increased by $983,735 from November 30, 2020.

The Authority's unrestricted net position increased by $1,175,141 for the year ended November 30, 2021.

The Authority's net pension liabilities were $3,345,591 and $4,348,399 as of November 30, 2021 and 2020, respectively.

Financial Highlights (Continued)

2021 (Continued)

Operating income for the year ended November 30, 2021, was $722,613, an increase of $218,479 when compared to $504,133 for the year ended November 30, 2020.

The change in operating income resulted from a decrease of $339,319 in operating revenues and a decrease of $557,798 in operating expenses.

The decrease in operating revenues resulted mainly from decreased collections of connection fees of $365,950 (69.9%) offset by an increase of $23,399 (7.0%) in other income.

Other income includes income from a shared service agreement with the Township of Cranbury for which the Authority maintains their sewer collection system ($151,966), income from rental of space on cell towers ($169,226), and miscellaneous income ($38,026).

Administrative and general expenses decreased $114,105 (10.5%) for the year ended November 30, 2021. Administrative and general salaries and wages increased $22,473 (3.6%), and employee benefits decreased $146,474 (65.3%) including a decrease in pension expense of $149,008 (264.5%). Contracted services including professional fees increased $5,572 (3.6%).

Cost of providing service expenses decreased $401,560 (9.7%) for the year November 30, 2021. The largest area of decrease was in employee benefits, which decreased by $470,700 (63.6%), including a pension expense decrease of $428,505 (264.2%), and a decrease in utilities expenses of $73,345 (11.6%).

The decrease in pension expense in both administrative and general expenses and in cost of providing services expenses resulted from the requirements contained in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as described in Note G to the financial statements.

The reason for the decreased utilities expense in the cost of providing services expenses was caused by the Authority beginning to purchase solar electric power from EWMUA PPA LLC, for power at the sewerage treatment plant under a solar power purchase and sale agreement signed June 3, 2021. The term of this agreement is fifteen (15) years. The solar energy system was developed, constructed, owned and operated by EWMUA PPA LLC, on land owned by the Authority at the sewerage treatment plant site and leased to EWMUA PPA LLC for $10 per year. Under this agreement the Authority is the sole user of the energy produced by the Solar Energy System. If the Authority is unable to use all the energy produced by the Solar Energy System, the excess is transferred into the electric grid and the Authority receives credits from the Authority's servicing utility (PSE&G). The cost of electric power at the sewerage treatment plant was $180,890 and $235,608 for the years ended November 30, 2021 and 2020, respectively, a decrease of $54,718 (23.2%) for the year ended November 30, 2021.

Depreciation expense decreased $42,133 (1.9%).

The Authority's outstanding debt as of November 30, 2021, was $2,620,584, a decrease of $1,219,052 compared to November 30, 2020.

Financial Analysis of the Authority

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Net Position – Table 1 summarizes the changes in net position between November 30, 2022 and 2021.

	November 30,			2021-2022	
	2022	2021	2020	Change	% Change
Assets:					
Current Assets - Unrestricted	$ 11,859,520	$ 11,848,161	$ 11,212,536	$ 11,359	0.10%
Restricted	1,938,557	2,020,499	2,066,683	(81,942)	-4.06%
Capital Assets (Net of Depreciation)	56,612,786	58,334,432	59,562,572	(1,721,646)	-2.95%
Total Assets	$ 70,410,863	$ 72,203,092	$ 72,841,791	(1,792,229)	-2.48%
Deferred Outflows of Resources:					
Pension	$ 620,650	$ 735,256	$ 970,209	(114,606)	-15.59%
Loss on Bond Refunding	78,148	156,295	234,443	(78,147)	-50.00%
Total Deferred Outflows of Resources	$ 698,798	$ 891,551	$ 1,204,652	(192,753)	-21.62%
Liabilities:					
Current Liabilities:					
Payable from:					
Current Assets	$ 486,712	$ 420,803	$ 311,549	65,909	15.66%
Restricted Assets	1,618,861	1,608,923	1,579,747	9,938	0.62%
Non-Current Liabilities	4,664,604	5,211,114	7,402,446	(546,510)	-10.49%
Total Liabilities	$ 6,770,177	$ 7,240,839	$ 9,293,742	(470,662)	-6.50%
Deferred Inflows of Resources:					
Pension	$ 985,340	$ 2,362,791	$ 2,245,425	(1,377,451)	-58.30%
Total Deferred Inflows of Resources	$ 985,340	$ 2,362,791	$ 2,245,425	(1,377,451)	-58.30%
Net Position:					
Invested in Capital Fixed Assets,					
Net of Revenue Bonds Payable	$ 55,136,712	$ 55,714,859	$ 55,723,946	(578,147)	-1.04%
Restricted for:					
Capital Improvements	1,492,315	1,495,100	1,744,994	(2,785)	-0.19%
Future Debt Service	2,268	69,012	1,435	(66,744)	4,709.13%
Unrestricted	6,722,849	6,212,043	5,036,901	510,806	8.22%
Total Net Position	$ 63,354,144	$ 63,491,013	$ 62,507,276	(136,869)	-0.22%

Financial Analysis of the Authority (Continued)

2022

Net position may, over time, serve as a useful measure of the Authority's financial position. In the Authority's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $63,354,144 at November 30, 2022, a decrease of $136,869 for the fiscal year ended November 2022.

The largest portion of the Authority's net position ($55,136,712 or 87%) as of November 30, 2022, is reflected in its investment in capital assets, as shown on Table 1. These assets are used by the Authority to pump, treat and deliver potable water and for the collection and treatment of wastewater and thus are not available for future spending.

Net position decreased by $136,869 and unrestricted net position increased by $510,806 in 2022.

2021

Net position may, over time, serve as a useful measure of the Authority's financial position. In the Authority's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $63,491,012 at November 30, 2021, an increase of $983,735 for the fiscal year ended November 2021.

The largest portion of the Authority's net position ($55,714,859 or 88%) at November 30, 2021, is reflected in its investment in capital assets, as shown on Table 1. These assets are used by the Authority to pump, treat and deliver potable water and for the collection and treatment of wastewater and thus are not available for future spending.

Net position increased by $983,736 and unrestricted net position increased by $1,175,141 in 2021.

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position for fiscal years November 30, 2022 and 2021.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

	November 30, 2022	November 30, 2021	November 30, 2020	2021-2022 Change	% Change
Revenues					
Operating Revenues:					
User Charges	$ 7,190,926	$ 7,100,775	$ 7,097,542	$ 90,151	1.3%
Connection Fees	19,795	157,615	523,565	(137,820)	-87.4%
Other	422,809	359,218	335,819	63,591	17.7%
Total Operating Revenues	7,633,530	7,617,608	7,956,926	15,922	0.2%
Non-Operating Revenues					
Interest Income	20,584	13,658	77,994	6,926	50.7%
Capital Contributions	101,992	353,352	480,759	(251,361)	-71.1%
Total Non-Operating Revenues	122,575	367,010	558,753	(244,435)	-66.6%
Total Revenues	7,756,105	7,984,618	8,515,679	(228,513)	-2.9%
Operating Expenses:					
Cost of Providing Services	4,449,309	3,721,833	4,123,394	727,476	19.5%
General and Administrative	989,420	970,989	1,085,094	18,431	1.9%
Depreciation	2,358,693	2,202,171	2,244,305	156,522	7.1%
Total Operating Expenses	7,797,421	6,894,993	7,452,793	902,428	13.1%
Non-Operating Expenses					
Interest Expense	17,405	27,741	38,713	(10,336)	-37.3%
Loss on Refunding Bonds	78,147	78,147	78,147	-	0.0%
Capital Projects Abandoned	-	-	92,423	-	0.0%
Total Non-Operating Expenses	95,553	105,888	209,283	(10,335)	-9.8%
Total Expenses	7,892,974	7,000,881	7,662,076	892,093	12.7%
Changes in Net Position	(136,869)	983,737	853,603	(1,120,606)	-113.9%
Net Position, Beginning of Year	63,491,013	62,507,276	61,653,673	983,737	1.6%
Net Position, End of the Year	$ 63,354,144	$ 63,491,013	$ 62,507,276	(136,869)	-0.2%

Operating Activities (Continued)

2022

The summary of revenues, expenses and changes in net position provides information as to the nature and source of changes in financial position. Table 2 shows that total revenues in 2022 decreased by $228,513 (2.9%) and total expenses increased by $892,093 (12.7%) compared to 2021.

The items which were responsible for the major changes in net position for the year ended November 30, 2022, included:

Connection fees charged to new customers decreased by $137,820 (87.4%) when compared to 2021.

Other income increased $63,591 (17.7%) compared to 2021.

Capital contributions paid by developers decreased $251,361 (71.1%) compared to 2021.

Operating expenses increased $902,428 (13.1%) compared to 2021.

2021

The summary of revenues, expenses and changes in net position provides information as to the nature and source of changes in financial position. Table 2 shows that total revenues in 2021 increased by $531,060 (6.2%) and total expenses decreased by $661,194 (8.6%) compared to 2020.

The items which were responsible for the major changes in net position for the year ended November 30, 2021, included:

Connection fees charged to new customers decreased by $365,950 (69.9%) when compared to 2020.

Other income increased $23,399 (7.0%) compared to 2020.

Capital contributions paid by developers decreased $127,407 (26.5%) compared to 2020.

Operating expenses decreased $557,799 (7.5%) compared to 2020.

Capital Assets

Table 3 summarizes the changes in capital assets at November 30, 2022 and 2021.

Table 3

Capital Assets - Net of Depreciation

	November 30,			2021-2022
	2022	2021	2020	Change
Land, Land Rights and Improvements	$ 5,098,264	$ 5,098,264	$ 5,098,264	$ -
Buildings and Improvements	22,166,894	22,166,894	22,166,894	-
Machinery and Equipment	84,921,488	84,635,562	83,188,065	285,926
Construction in Progress	958,355	1,045,485	2,056,574	(87,130)
	113,145,001	112,946,205	112,509,797	198,796
Less: Accumulated Depreciation	56,532,215	54,611,773	52,947,225	1,920,442
Total Capital Assets, Net of Depreciation	$ 56,612,786	$ 58,334,432	$ 59,562,572	$ (1,721,646)

2022

At November 30, 2022, the Authority's investment in capital assets was $113,145,001, an increase of $198,796 when compared to 2021.

2021

At November 30, 2021, the Authority's investment in capital assets was $112,946,205, an increase of $436,408 when compared to 2020.

Debt Outstanding

Table 4

Debt Outstanding

	November 30,			2021-2022
	2022	2021	2020	Change
Bonds Payable	$ 1,477,091	$ 2,620,584	$ 3,839,636	$ (1,143,493)

Debt Outstanding (Continued)

2022

The Authority's bonded debt was $1,477,091 at November 30, 2022, a decrease of $1,143,492 when compared to 2021. Interest on these bonds is paid semi-annually with interest rates from 0-5.5%. Principal payments on the outstanding debt are due annually with final maturity on August 1, 2029. Additional information on the Authority's long-term debt can be found in Note F in the financial statements.

2021

The Authority's bonded debt was $2,620,584 at November 30, 2021, a decrease of $1,219,052 when compared to 2020. Interest on these bonds is paid semi-annually with interest rates from 0-5.5%. Principal payments on the outstanding debt are due annually with final maturity on August 1, 2029. Additional information on the Authority's long-term debt can be found in Note F in the financial statements.

Next Year's Budget and User Rates

The Authority adopted an operating and maintenance budget of $6,953,175 for fiscal year 2023, an increase of $533,325 or (8.6%), compared to 2022 budget. Total user fees are budgeted to increase $66,333 or (0.9%) in 2023.

The Authority's increased water rates were effective December 1, 2013.

The Authority adopted a six-year capital program with their 2023 budget. The capital program includes future projects totaling $48,467,000. The six-year capital program anticipates the use of $4,107,000 from unrestricted net position to provide funding for anticipated projects.

Financial Effects Resulting from the Coronavirus Pandemic

The daily operations of the Authority remained basically unchanged during the pandemic period. Revenues billed in the year ended November 30, 2022, were only $15,922 higher than the year ended November 30, 2021. As time passed and as a result of state mandates (Executive Orders) people began working from their homes and businesses reduced or shut down their central operation, resulting in an increase in residential revenues and a decrease in non-residential revenues.

Certain Executive Orders limited the Authority's ability to take normal actions to collect outstanding user charges. These actions included charging delinquent penalties, shutting off services, and having the annual tax sale for late payments. While the result of these restrictions on collections of user charges increased user charges receivable to $1,423,972 as of November 30, 2021, easing of these restrictions during 2022 resulted in a decrease to the balance to $1,415,601 (0.6%) as of November 30, 2022.

Financial Effects Resulting from the Coronavirus Pandemic (Continued)

While the inability to take these collection actions also resulted in the amount of the over 90-day delinquent user account to increase during 2021, timeliness of collections improved during 2022. Over 90-day delinquent user accounts receivable decreased from $128,579 (9.0% of total user charges receivable) at November 30, 2021, to $87,665 (6.0% of total user charges receivable) at November 30, 2022.

A review of the statements of cash flows indicates that for the year ended November 30, 2022, there was an overall decrease in cash provided by operating activities compared to the year ended November 30, 2021.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Authority at 7 Wiltshire Drive, East Windsor, New Jersey 08520 or by telephone at 609-443-6000.

BASIC FINANCIAL STATEMENTS

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF NET POSITION

	November 30, 2022	November 30, 2021
Current Assets:		
Cash and Cash Equivalents	$ 6,121,342.06	$ 6,125,650.97
Investments	4,242,956.25	4,250,364.69
User Charges Receivable (Net of Allowance for Uncollectible Accounts of $0 in 2022 and 2021)	1,415,600.79	1,423,972.15
Other Receivables	75,750.77	45,052.32
Interest Receivable	3,869.77	3,120.75
Total Current Assets	11,859,519.64	11,848,160.88
Non Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,938,556.93	2,020,498.95
Total Restricted Assets	1,938,556.93	2,020,498.95
Capital Assets:		
Land and Land Improvements	5,098,264.32	5,098,264.32
Buildings and Improvements	22,166,894.04	22,166,894.04
Machinery and Equipment	84,921,488.30	84,635,561.76
Construction in Progress	958,354.60	1,045,485.25
	113,145,001.26	112,946,205.37
Less: Accumulated Depreciation	56,532,214.85	54,611,772.94
	56,612,786.41	58,334,432.43
Total Assets	$ 70,410,862.98	$ 72,203,092.26
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	$ 620,650.00	$ 735,256.00
Loss on Bond Refunding	78,147.78	156,295.26
Total Deferred Outflows of Resources	$ 698,797.78	$ 891,551.26

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF NET POSITION (CONTINUED)

	November 30, 2022	November 30, 2021
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 482,811.74	$ 414,153.05
Customer Meter Deposits	3,900.00	6,650.00
Total Current Liabilities	486,711.74	420,803.05
Current Liabilities Payable from Restricted Assets:		
Bonds Payable - New Jersey Environmental Infrastructure Trust	1,164,913.09	1,133,492.43
Accrued Interest Payable	11,087.50	20,052.50
Escrow Deposits - Review Fees	442,860.23	455,378.06
Total Current Liabilities Payable from Restricted Assets	1,618,860.82	1,608,922.99
Total Current Liabilities	2,105,572.56	2,029,726.04
Long-Term Liabilities:		
Bonds Payable - New Jersey Environmental Infrastructure Trust	312,178.02	1,487,091.11
Compensated Absences Payable	282,308.08	286,517.76
Premium on Bonds	38,073.94	91,913.90
Net Pension Liability	4,032,044.00	3,345,591.00
Total Long-Term Liabilities	4,664,604.04	5,211,113.77
Total Liabilities	$ 6,770,176.60	$ 7,240,839.81
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	$ 985,340.00	$ 2,362,791.00
Total Deferred Outflows of Resources	$ 985,340.00	$ 2,362,791.00
Net Position:		
Invested in Capital Assets, Net of Related Bonds Payable	$ 55,136,711.92	$ 55,714,858.74
Restricted for Capital Improvements	1,492,315.29	1,495,099.52
Restricted for Future Debt Service	2,267.65	69,011.52
Unrestricted	6,722,849.30	6,212,042.93
Total Net Position	$ 63,354,144.16	$ 63,491,012.71

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended November 30, 2022	Years Ended November 30, 2021
Operating Revenues:		
User Charges	$ 7,190,926.03	$ 7,100,774.75
Delinquent Penalties	44,446.19	7,169.31
Connection Fees	19,795.00	157,615.00
Laboratory Fees	-	850.00
Other Income	378,362.81	351,198.63
	7,633,530.03	7,617,607.69
Operating Expenses:		
Salaries, Wages and Benefits	2,844,753.15	2,477,956.76
Contracted Services	617,172.75	590,230.33
Other Operating Expenses	1,976,802.52	1,624,635.61
Depreciation	2,358,692.70	2,202,171.61
Total Operating Expenses	7,797,421.12	6,894,994.31
Operating (Loss) Income	(163,891.09)	722,613.38
Non-Operating Revenues (Expenses), Net:		
Interest Income	20,583.56	13,659.38
Interest Expense	(17,405.04)	(27,741.02)
Loss on Refunding Bonds	(78,147.48)	(78,147.48)
Total Non-Operating Expenses, Net	(74,968.96)	(92,229.12)
(Loss) Income Before Capital Contributions	(238,860.05)	630,384.26
Capital Contributions:		
Developer Impact Fees	101,991.50	180,007.50
Contributions of Property, Plant and Equipment	-	173,344.50
Total Capital Contributions	101,991.50	353,352.00
Changes in Net Position	(136,868.55)	983,736.26
Net Position, Beginning of Year	63,491,012.71	62,507,276.45
Net Position, End of Year	$ 63,354,144.16	$ 63,491,012.71

See notes to financial statements.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENTS OF CASH FLOWS

	Years Ended November 30, 2022	Years Ended November 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipt from Customers	$ 7,600,202.94	$ 7,565,321.26
Payments to Suppliers	(3,568,630.94)	(3,106,837.15)
Payments to Employees	(2,382,040.47)	(2,101,442.45)
Customers Meter Deposits	(2,750.00)	1,750.00
Net Cash Provided by Operating Activities	1,646,781.53	2,358,791.66
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(637,046.68)	(800,687.55)
Principal Payments on Bonds	(1,132,492.43)	(1,219,052.02)
Contributed Capital	101,991.50	180,007.50
Interest Paid on Bonds	(80,210.00)	(120,330.00)
Escrow Deposits	(12,517.83)	124,765.34
Net Cash Used for Capital and Related Financing Activities	(1,760,275.44)	(1,835,296.73)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(5,205,382.03)	(4,250,364.69)
Proceeds from Sale of Investments	5,212,790.47	4,232,736.45
Interest Received	19,834.54	20,798.29
Net Cash Provided by Investing Activities	27,242.98	3,170.05
Net Change in Cash and Cash Equivalents	(86,250.93)	526,664.98
Cash and Cash Equivalents, Beginning of Year	8,146,149.92	7,619,484.94
Cash and Cash Equivalents, End of Year	$ 8,059,898.99	$ 8,146,149.92
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities:		
Operating Income	$ (163,891.09)	$ 722,613.38
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by Operating Activities:		
Depreciation	2,358,692.70	2,202,171.61
User Charges Receivable	8,371.36	(52,856.67)
Other Receivables	(30,698.45)	570.24
Accounts Payable and Accrued Expenses	68,658.69	107,503.81
Debt Forgiven	(11,000.00)	-
Pension	(576,392.00)	(650,489.00)
Compensated Absences Payable	(4,209.68)	27,528.29
Customer Meter Deposits	(2,750.00)	1,750.00
Total Adjustments	1,810,672.62	1,636,178.28
Net Cash Provided by Operating Activities	$ 1,646,781.53	$ 2,358,791.66

See notes to financial statements.

A. DESCRIPTION OF ENTITY

The East Windsor Municipal Utilities Authority (the "Authority") was created in 1965 by an ordinance of the Township of East Windsor, (the "Township") Mercer County, New Jersey, and is a public body politic and corporate of the State of New Jersey organized and existing pursuant to the Municipal Utilities Authority Law, constituting Chapter 183 of the Laws of 1957, of the State of New Jersey, as amended and supplemented.

The purposes for which the Authority was created include the acquisition and/or construction of plants and distribution systems to provide an adequate supply of water and the acquisition and/or construction of sewer facilities incident to the collection and treatment of sewerage for the relief of waters from pollution.

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

The Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity,* requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body, and either the primary government is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Authority is a component unit of the primary government, the Township. The board of the Authority is appointed by the committee of the Township and under the agreement entered into by the Authority and the Township, the Township will provide for deficits resulting from failure or inability of the Authority to derive adequate revenues from operating the systems.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

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.

In its accounting and financial reporting, the Authority follows the pronouncements of the GASB and other entities that promulgate accounting principles. GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the Codification of Governmental Accounting and Financial Reporting Standards (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider non-authoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in the state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles.

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.

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 statements of net position. Net position (*i.e., total assets net of total liabilities*) is segregated into "invested in capital assets, net of related bonds payable"; "restricted for capital improvements, for future debt service"; and "unrestricted" components. Water and sewer revenues are recognized based on usage, and connection fees are recognized upon issuance of permits. Expenses are recorded when incurred.

Cash and Cash Equivalents and Deposits

Cash and cash equivalents, for purposes of the statements of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and investments with an original maturity of three months or less.

Investments

Investments are stated at cost which approximates market value. At November 30, 2022 and 2021, the Authority had investments in the amount of $4,242,956.25 and $4,250,364.69, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets represent cash and cash equivalents, investments and interest receivable maintained in accordance with bond resolutions, loan agreements and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the utility systems.

Receivables

Customer receivables represent service fees earned, but not yet collected. User charges receivable as of November 30, 2022 and 2021, were $1,415,600.79 and $1,423,972.15, respectively.

Allowance for Doubtful Accounts

Management considers all user charges receivable to be fully collectible; thus no allowance for doubtful accounts is required, if amounts become uncollectible they will be charged to operations when that determination is made.

Capital Contributions

Developer impact fees are recorded in the period received due to the nature of the underlying developers' agreements. Developer financed construction in kind is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at the time of the contribution. See Note I for total amounts to be received under the developers' agreements.

Capital Assets

Property, plant and equipment are stated at cost, which includes direct costs and other expenditures related to their acquisition.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put in operation.

Depreciation is determined on a straight-line basis for all property, plant and equipment.

Building and Improvements	10-75 Years
Land Improvements	5-40 Years
Machinery and Equipment	
Water and Sewer Mains and Interceptors	5-75 Years
Water Wells and Pump Stations	5-50 Years
Other Equipment	5-40 Years
Office Furniture and Equipment	5-15 Years
Vehicles	5-10 Years

The Authority capitalizes any of the above with a cost over $5,000.

Bond Premium

Bond premium is amortized based on a pro-rata basis of the principal payments made, which approximates the effective interest method. Bond premium as of November 30, 2022 and 2021, was $38,073.94 and $91,913.90, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets

Budgets, which are required by state statute, are adopted in accordance with regulations promulgated by the Department of Community Affairs (“DCA”). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the DCA. A capital program adopted by the Authority is management's six-year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

Net Position

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

1) <u>Net Investment in Capital Assets</u> - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.

2) <u>Restricted</u> - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments, or b) imposed by law.

   Presently, the Authority has two items of restricted net position which are required by the bond resolution. These restrictions are for capital improvements and future debt services.

3) <u>Unrestricted</u> - any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Compensated Absences Payable

The Authority allows employees to earn vacation time based on the employee's length of service and time worked during the preceding year. No more than five unused vacation days may be carried forward to the following calendar year.

Unused sick leave may be carried forward into subsequent calendar years. Upon retirement, accumulated sick leave may be converted to a cash payment at a rate of not more than 50% of the employee's current hourly salary up to a maximum of $15,000. If the employee leaves for a reason other than retirement, unused sick pay is forfeited.

It is estimated that the costs of unpaid vacation time and sick time as of November 30, 2022, are $202,923.90 and $79,384.18, respectively, and as of November 30, 2021, are $178,755.97 and $107,761.79, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

No provision for income taxes has been made, as the Authority is exempt from federal and state income taxes.

Unearned Revenue

Revenues received by the Authority before the earnings process has been completed are recorded as unearned revenue.

Adoption of Accounting Standards

The Authority has adopted the following pronouncements on the financial statements:

- GASB Statement No. 87 – *Leases,* effective for periods beginning after June 15, 2021. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period,* effective for periods beginning after December 15, 2020. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 92 – *Omnibus 2020*. This statement clarifies the effective date of GASB Statement No. 87 and addresses other topics that were required to be adopted by the Authority for the year ended November 30, 2022. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, effective for periods beginning after June 15, 2021. The adoption of this Statement had no effect on previously reported amounts.
- GASB Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance.* This Statement postponed the effective dates of applicable pending Statements described above. The effective dates mentioned above are the applicable postponed dates as prescribed by Statement No. 95. The adoption of this Statement had no effect on previously reported amounts.

Pending Accounting Standards

The Authority is currently evaluating the effects of the following pronouncements on the financial statements:

- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Standards (Continued)

- GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* effective for periods beginning after June 15, 2022.
- GASB Statement No. 98 - *The Annual Comprehensive Financial Report*, effective for periods ending after December 15, 2021.
- GASB Statement No. 99 - *Omnibus 2022,* effective for the year ending November 30, 2022, and periods beginning after June 15, 2022, and June 15, 2023, depending on the requirement.
- GASB Statement No. 100 – *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62,* effective for periods beginning after June 15, 2023.
- GASB Statement No. 101 – *Compensated Absences,* effective for periods beginning after December 15, 2023.

C. ROUNDING

Some amounts in the financial statements may have dollar differences due to rounding.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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 which approximates fair value. U.S. Treasury and agency obligations and certificates of deposit with maturities of 90 days or less when purchased are stated at cost which approximate fair value. All other investments are stated at fair value.

Deposits

Cash and cash equivalents and investments include amounts on deposit, petty cash, change funds and short-term investments with original maturities of three months or less. New Jersey authorities 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. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey authorities. In addition, other state statutes permit investments in obligations issued by local authorities 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.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or $200 million. The minimum 5% pledge applies to institutions that are categorized as “well capitalized” by federal banking standards.

The percentage of the required pledge will increase for institutions that are less than “well capitalized”.

GUDPA permits the deposit of public funds in the State of New Jersey Cash Management Fund or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (“FDIC”) or by any other agencies of the United States that insure deposits. GUDPA requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

> No collateral is required for amounts covered by FDIC or National Credit Union Share Insurance Fund (“NCUSIF”) insurance. The collateral which may be pledged to support these deposits includes obligations of the state and federal governments, insured securities and other collateral approved by the Department of Banking and Insurance (“DOBI”). When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, DOBI requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

Investments

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.

b. Government Money Market Mutual Funds.

c. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

d. Bonds or other obligations of the Township, or bonds or other obligations of the school districts of which the Township is a part or within which the school district is located.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments (Continued)

e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.

f. Local Government Investment Pools.

g. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

h. Agreements for the repurchase of fully collateralized securities if certain requirements apply.

N.J.S.A. 52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public monies of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depositor for public monies.

Certificates of deposit with original maturities in excess of ninety days are included in investments.

The Authority's cash and investments carried at fair value as of November 30, 2022, were:

		Years	
Investment Type	Fair Value	Less Than 1	1-5
Certificates of Deposit	$ 4,242,956.25	$ 4,242,956.25	$ -
Total Investments	$ 4,242,956.25	$ 4,242,956.25	$ -

Bank	
Fulton Bank	$ 4,481,231.09
BONY	3,242,620.48
Wells Fargo	335,822.42
Cash on Hand	225.00
Total Cash and Cash Equivalents	$ 8,059,898.99

The Authority's cash and investments carried at fair value as of November 30, 2021, were:

		Years	
Investment Type	Fair Value	Less Than 1	1-5
Certificates of Deposit	$ 4,250,364.69	$ 4,250,364.69	$ -
Total Investments	$ 4,250,364.69	$ 4,250,364.69	$ -

Bank	
Fulton Bank	$ 5,345,310.81
BONY	2,457,324.76
Wells Fargo	343,289.35
Cash on Hand	225.00
Total Cash and Cash Equivalents	$ 8,146,149.92

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk Related to Deposits

Assets measured at fair value on a recurring basis as of November 30, 2022 and 2021, are summarized as follows:

	November 30, 2022			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 4,242,956.25	$ -	$ 4,242,956.25
Cash and Cash Equivalents	8,059,898.99	-	-	8,059,898.99
Total	$ 8,059,898.99	$ 4,242,956.25	$ -	$ 12,302,855.24

	November 30, 2021			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 4,250,364.69	$ -	$ 4,250,364.69
Cash and Cash Equivalents	8,146,149.92	-	-	8,146,149.92
Total	$ 8,146,149.92	$ 4,250,364.69	$ -	$ 12,396,514.61

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Although the Authority does not have a formal policy for custodial credit risk, other than those policies that adhere to the requirements of statute, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by the 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 and funds that may pass to the Authority relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At November 30, 2022 and 2021, the Authority's bank and investment balances of $12,364,140.22 and $12,497,388.53, respectively, were insured and collateralized as follows:

	November 30,	
	2022	2021
Insured and Collateralized	$ 750,000.00	$ 750,000.00
Uninsured and Collateralized	11,614,140.22	11,747,388.53
	$ 12,364,140.22	$ 12,497,388.53

E. PROPERTY, PLANT AND EQUIPMENT

	Balance November 30, 2021	Additions	Deletions	Transfers To (From)	Balance November 30, 2022
Land and Land Improvements	$ 5,098,264.32	$ -	$ -	$ -	$ 5,098,264.32
Buildings and Improvements	22,166,894.04	-	-	-	22,166,894.04
Machinery and Equipment	84,635,561.76	104,385.38	(438,250.79)	619,791.95	84,921,488.30
Construction in Progress	1,045,485.25	532,661.30	-	(619,791.95)	958,354.60
	112,946,205.37	637,046.68	(438,250.79)	-	113,145,001.26
Less: Accumulated Depreciation	(54,611,772.94)	(2,358,692.70)	438,250.79	-	(56,532,214.85)
	$ 58,334,432.43	$ (1,721,646.02)	$ -	$ -	$ 56,612,786.41

	Balance November 30, 2020	Additions	Deletions	Transfers To (From)	Balance November 30, 2021
Land and Land Improvements	$ 5,098,264.32	$ -	$ -	$ -	$ 5,098,264.32
Buildings and Improvements	22,166,894.04	-	-	-	22,166,894.04
Machinery and Equipment	83,188,064.55	1,985,120.88	(537,623.67)	-	84,635,561.76
Construction in Progress	2,056,574.08	745,882.04	(1,756,970.87)	-	1,045,485.25
	112,509,796.99	2,731,002.92	(2,294,594.54)	-	112,946,205.37
Less: Accumulated Depreciation	(52,947,225.00)	(2,202,171.61)	537,623.67	-	(54,611,772.94)
	$ 59,562,571.99	$ 528,831.31	$ (1,756,970.87)	$ -	$ 58,334,432.43

E. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the fiscal years ended November 30, 2022 and 2021, no development projects were completed.

There were no constructed capital assets during the years ended November 30, 2022 and 2021.

F. LONG-TERM DEBT

The Authority issues revenue bonds to provide funds for the acquisition and construction of capital facilities. Revenue bonds currently outstanding are as follows:

	November 30, 2022	November 30, 2021
Series 2009 Subordinated Revenue Bonds – On November 6, 2008, loan agreements were executed between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust whereby commitments were made for the Authority to have loans not to exceed $29,666,220.00. The loan agreements contain provisions for repayment during the years 2011 through 2023. Provision has been made for the capitalization of interest for the first twenty-two months of all bonds issued. The interest rate for the New Jersey Environmental Infrastructure Trust portion of the loans ($16,980,000.00) ranges between 5.00% and 5.50%, no interest is paid on the Fund portion of the loans ($12,686,220.00).		

The Authority received notice in a letter dated February 12, 2014, from the State of New Jersey Department of Environmental Protection that the remaining fund share of the loan in the amount of $2,650,076.00 would be de-obligated and that pursuant to P.L. 2008 Chapter 68, appropriated application to reduce the amount of fund loan for this project would be made by the Commissioner of the New Jersey Department of Environmental Protection. Included with this letter was a revised fund loan repayment schedule reducing the loan payment for August 1, 2020, by $298,842.28 and eliminating total payments from February 1, 2021, through August 1, 2023, in the amount of $2,351,233.72.

In addition, the Authority received another notification from the New Jersey Environmental Infrastructure Trust dated August 5, 2014, stating that the Authority had received on February 12, 2014, notification of a final loan decrease from the Department of Environmental Protection based upon project completion. The notice indicated that in accordance with section 5.02(4)(a) of the Bond Resolution, the remaining funds in the East Windsor Municipal Utilities Loan Account were included in a current defeasance completed on July 18, 2014, by the New Jersey Environmental Infrastructure Trust.

Included with this notice was a revised trust loan repayment schedule reducing the future principal payments on August 1, 2021, by $730,000.00, August 1, 2022, by $900,000.00, and August 1, 2023, by $950,000.00 for a total reduction of $2,580,000.00.

F. LONG-TERM DEBT (CONTINUED)

	November 30, 2022	November 30, 2021
Funds in the amount of $3,058,433.66 were deposited in the Defeasance account established with The Bank of New York Mellon, as Trustee. These funds shall be invested (in securities which are state and local government securities) and transferred to the Debt Service Fund in the amounts and at times set forth in accordance with section 5.02(4)(a) of the Bond Resolution.		
The trust irrevocably instructs the trustee to apply the principal of and interest earned on the defeasance securities through and including the redemption date to the payment of (i) all of the interest due from September 1, 2014, through the redemption date September 1, 2018, and (ii) all of the outstanding principal to be defeased that will be outstanding on the redemption date ($2,580,000).	$ 386,383.46	$ 773,346.26
Series 2010 Subordinated Revenue Bonds - On March 10, 2010, loan agreements were executed between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust whereby commitments were made for the Authority to have loans not to exceed $889,220.00. In addition to the loan amounts, the Authority was awarded $878,440.00 in a Federal Stimulus Grant under the American Recovery and Reinvestment Act of 2009. The funds will be used for improvements and upgrades to the Millstone Road Water Pollution Control Facility. The loan agreements contain provisions for repayment during the years 2011 through 2029. Provision has been made for the capitalization of interest for the first twenty-two months of all bonds issued. The interest rate for the New Jersey Environmental Infrastructure Trust portion of the loan, ($450,000.00), ranges between 3.00% to 5.00%, no interest is paid on the Fund portion of the loans totaling $439,200.00.	359,707.65	418,237.28
On May 10, 2016, the New Jersey Environmental Infrastructure Trust issued Series 2016A-R1 (2008A Financing Program) Refunding Bonds. $586,106.42 was established as deferred loss on refunding upon the advance refunding and defeasance of $8,827,000 of Series 2008A Bonds through the issuance of $7,607,000 Refunding Series 2016A-R1 Bonds. The amount deferred is being amortized over the life of the old bonds using the straight-line method.	731,000.00	1,429,000.00
Long-Term Debt	1,477,091.11	2,620,583.54
Less: Current Portion	1,164,913.09	1,133,492.43
Non-Current Portion	$ 312,178.02	$1,487,091.11

F. LONG-TERM DEBT (CONTINUED)

A summary of maximum annual Debt Service for principal and interest for bonded debt issued and outstanding at November 30, 2022, is provided below. Maximum debt service shall be reduced by allocable interest income credits from the various funds established in accordance with the New Jersey Wastewater Treatment Trust resolution.

Year Ending	Total	Principal	Interest
November 30, 2023	$ 1,209,513.09	$ 1,164,913.09	$ 44,600.00
November 30, 2024	54,579.63	47,529.63	7,050.00
November 30, 2025	57,579.63	51,529.63	6,050.00
November 30, 2026	56,379.63	51,529.63	4,850.00
November 30, 2027	56,329.63	52,529.63	3,800.00
November 30, 2028-2029	113,059.50	109,059.50	4,000.00
	$ 1,547,441.11	$ 1,477,091.11	$ 70,350.00

A summary of the activity in the Authority's principal portion of its debt is as follows:

	Balance November 30, 2021	Principal Payments	Balance November 30, 2022
Series 2009 Subordinated Revenue Bonds	$ 773,346.26	$ 386,962.80	$ 386,383.46
Series 2010 Subordinated Revenue Bonds	418,237.28	58,529.63	359,707.65
Series 2016AR-1	1,429,000.00	698,000.00	731,000.00
	$ 2,620,583.54	$ 1,143,492.43	$ 1,477,091.11

	Balance November 30, 2020	Principal Payments	Balance November 30, 2021
Series 2009 Subordinated Revenue Bonds	$ 1,159,868.65	$ 386,522.39	$ 773,346.26
Series 2010 Subordinated Revenue Bonds	466,766.91	48,529.63	418,237.28
Series 2016AR-1	2,213,000.00	784,000.00	1,429,000.00
	$ 3,839,635.56	$ 1,219,052.02	$ 2,620,583.54

G. PENSION PLAN

Simplified Employee Pension Plan

The Authority has a Simplified Employee Pension Plan ("SEP") available for all its employees. Employees are 100% vested in the SEP/IRA contribution at all times. The Authority did not make contributions to the plan in 2022 or 2021.

Pension and Retirement Plan

The Authority's employees participate in the following defined benefit pension plan: the Public Employees' Retirement System ("PERS"), which is administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). The 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:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Plan Description

PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits are vested after ten years of service, except for medical benefits, which are vested after 25 years of service or under the disability provisions of 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 1/55th of final average salary for each year of service credit are available to Tiers 1 and 2 members upon reaching age 60, and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit are available to Tier 4 members upon reaching age 62, and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit, and Tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

G. PENSION PLAN (CONTINUED)

Contributions

The contribution requirements of PERS plan members are determined by state statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5.00% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.50% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.50% plus an additional 1.00% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012, and increases each subsequent July 1. The active member effective contribution rates were July 1, 2018, 7.5%; July 1, 2017, 7.34%; July 1, 2016, 7.20%; July 1, 2015, 7.06%; and July 1, 2014, 6.92%. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. Contributions to PERS from the Authority were $336,921 and $291,704 for the years ended November 30, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended November 30, 2022 and 2021, the Authority had a liability of $4,032,044 and $3,345,591, respectively, for its proportionate share of the net pension liability in PERS. 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 members of the plan, actuarial determined. As of the June 30, 2022 and 2021, measurement dates the Authority's proportion was 0.0267175392% and 0.0282411765%, respectively, which was a decrease of .002% from its proportion measured as of June 30, 2021, and an increase of .002% from its proportion measured as of June 30, 2020, respectively.

G. PENSION PLAN (CONTINUED)

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,101	$ 25,663	$ 52,764	$ 23,950
Changes in assumptions	12,493	603,757	17,424	1,191,052
Net difference between projected and actual investment earnings on pension plan investments	166,883	-	-	881,317
Changes in proportion and differences between Authority contributions and proportionate share of contributions	412,173	355,920	665,068	266,472
	$ 620,650	$ 985,340	$ 735,256	$ 2,362,791

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

Years Ending June 30:	
2023	$ (807,259)
2024	12,362
2025	127,975
2026	298,935
2027	3,297
Total	$ (364,690)

Actuarial Assumptions

The total pension liability in the June 30, 2022 and 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2022	
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases (based on years of service):	2.75 - 6.55%
Investment rate of return	7.00%

2021	
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases through 2026 (based on years of service)	2.00-6.00%
Salary Increases: Thereafter (based on years of service)	3.00-7.00%
Investment rate of return	7.00%

G. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 2021), 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 and 2021, are summarized in the following tables:

G. PENSION PLAN (CONTINUED)

Long-Term Rate of Return (Continued)

Asset Class	2022 Target Allocation	2022 Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	7.60%
Real estate	8.00%	11.19%
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%
	100.00%	

Asset Class	2021 Target Allocation	2021 Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%
	100.00%	

Discount Rate

The discount rate used to measure the pension liabilities of PERS was 7.00% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that

G. PENSION PLAN (CONTINUED)

Discount Rate (Continued)

contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future 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:

	November 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Local	$ 5,223,865	$ 4,032,044	$ 3,080,965

	November 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Local	$ 4,604,583	$ 3,345,591	$ 2,343,087

Pension Plan Fiduciary Net Position

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

H. SERVICE CONTRACTS WITH EAST WINDSOR

In accordance with terms of the Service Contract dated June 1, 1965, as amended, between the Authority and the Township, the Township will pay service charges to the Authority of a sum equal to the excess (if any) of all expenditures of the water/sewer fund of the Authority over water/sewer fund receipts of the Authority for any fiscal year.

No amounts have been accrued or paid by the Township to the Authority under the terms of the service contract through the fiscal years ended November 30, 2022 and 2021.

I. DEVELOPERS' AGREEMENTS (WATER AND SEWER FACILITIES TRUST ACCOUNT)

The Authority has negotiated Capacity Allocation and Developer's On-Tract and Off-Tract Agreements and an Agreement for Payment in Lieu of Construction of a Satellite Treatment Plant with various developers. The Authority will receive a total of $14,526,647.98 of cash and construction in kind, with respect to these agreements. As of November 30, 2022 and 2021, the Authority had received $13,500,900.85 and $13,398,909.35, respectively, in cash and construction in kind. These funds are restricted for capital improvements. Cash restricted for capital improvements at November 30, 2022 and 2021, is $1,492,315.29 and $1,495,099.52, respectively.

J. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in commercial coverage during the year.

K. LITIGATION

As of November 30, 2022, the Authority was not a party to pending litigation or legal matters that would potentially have a material adverse effect on the financial position of the Authority in the event of an unfavorable or adverse outcome.

L. CONSTRUCTION COMMITMENT

On January 28, 2022, the Authority awarded a contract to Uni-tech Drilling Co. Inc., 61 Grays Ferry Road, Franklinville, NJ 08322 in the amount of $547,659.00 for the construction of new Well #6R and a new well pump. The contractor began work on this contract in February 2021. Payments have been made in the amount of $517,990.21 as of November 30, 2022. The final payment in the amount of $29,668.79 was made on February 16, 2023.

On December 16, 2021, the Authority awarded a contract to A.C. Schultes, 664 So. Evergreen Avenue, Woodbury NJ 08096 in the amount of $344,525.00 for the drilling of a test well and geophysics sampling of the soil (Well #9). The contractor began work on this contract in January 2022. Payments have been made in the amount of $221,995.00 as of November 30, 2022. No additional payments have been made as of the date of this report, leaving a balance of $128,520.00.

M. SUBSEQUENT EVENTS

On February 16, 2023, a contract was awarded by the Authority to A.C. Schultes, 664 So. Evergreen Avenue, Woodbury, NJ 08096 in the amount of $602,200.00 to furnish material and equipment for the construction of new Well #10. The contractor began work on this contract in June 2023. $204,050.00 has been spent on this contract as of the date of this report, leaving a balance of $398,150.00.

SUPPLEMENTARY INFORMATION

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

BUDGETARY COMPARISON SCHEDULE
Year Ended November 30, 2022
With Comparative Actual Amounts for the Year Ended November 30, 2021

	2022 Water		2022 Sewer		2022 Combined		2021 Combined
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Operating Revenues:							
Retained Earnings Appropriated	$ -	$ -	$ 783,191.00	$ 783,191.00	$ 783,191.00	$ 783,191.00	$ 1,099,425.00
User Charges	3,013,333.00	3,028,442.99	4,140,000.00	4,162,483.04	7,153,333.00	7,190,926.03	7,100,774.75
Delinquent Penalties	11,600.00	16,532.46	17,400.00	27,913.73	29,000.00	44,446.19	7,169.31
Connection Fees	102,292.00	6,240.00	259,910.00	13,555.00	362,202.00	19,795.00	157,615.00
Laboratory Fees	-	-	-	-	-	-	850.00
Interest Income	7,500.00	8,233.42	7,500.00	12,350.14	15,000.00	20,583.56	13,659.38
Other Income	103,900.00	110,901.87	252,400.00	267,460.94	356,300.00	378,362.81	351,198.63
Total Revenues	3,238,625.00	3,170,350.74	5,460,401.00	5,266,953.85	8,699,026.00	8,437,304.59	8,730,692.07
Operating Expenses:							
Cost of Providing Services:							
Labor	796,800.00	665,029.86	960,000.00	993,565.65	1,756,800.00	1,658,595.51	1,480,206.68
Employee Benefits	394,700.00	192,007.75	548,500.00	224,247.17	943,200.00	416,254.92	269,606.05
Materials and Supplies	195,600.00	216,086.97	306,700.00	385,913.72	502,300.00	602,000.69	414,761.90
Repairs and Maintenance	138,900.00	318,613.28	313,100.00	226,306.36	452,000.00	544,919.64	363,896.22
Contracted Services	106,700.00	60,739.26	488,800.00	432,200.77	595,500.00	492,940.03	429,578.23
Utilities	377,850.00	304,800.63	342,500.00	214,969.44	720,350.00	519,770.07	560,970.28
Insurance	49,900.00	58,046.00	77,000.00	89,475.00	126,900.00	147,521.00	132,146.47
Other	47,350.00	38,067.12	47,800.00	29,239.61	95,150.00	67,306.73	70,667.40
Total Cost of Providing Services	2,107,800.00	1,853,390.87	3,084,400.00	2,595,917.72	5,192,200.00	4,449,308.59	3,721,833.23
Administrative and General Expenses:							
Labor	347,650.00	340,747.88	347,650.00	340,747.89	695,300.00	681,495.77	650,272.80
Employee Benefits	136,000.00	44,203.48	136,000.00	44,203.47	272,000.00	88,406.95	77,870.45
Materials and Supplies	12,375.00	12,372.19	12,375.00	12,372.20	24,750.00	24,744.39	16,524.17
Contracted Services	72,550.00	62,116.36	72,550.00	62,116.36	145,100.00	124,232.72	160,652.10
Utilities	10,250.00	8,681.51	10,250.00	8,681.51	20,500.00	17,363.02	17,922.88
Insurance	15,425.00	18,004.32	15,425.00	18,004.31	30,850.00	36,008.63	31,125.53
Other	9,575.00	8,584.67	9,575.00	8,584.68	19,150.00	17,168.35	16,620.76
Total Administrative and General Expenses	603,825.00	494,710.41	603,825.00	494,710.42	1,207,650.00	989,419.83	970,988.69

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
Year Ended November 30, 2022
With Comparative Actual Amounts for the Year Ended November 30, 2021

	2022 Water		2022 Sewer		2022 Combined		2021 Combined
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Interest Expense	-	-	17,685.00	17,405.04	17,685.00	17,405.04	27,741.02
Other Costs Funded by Revenues:							
Principal Maturity	-	-	1,133,491.00	1,132,492.43	1,133,491.00	1,132,492.43	1,219,052.02
Capital Outlay	527,000.00	498,007.86	621,000.00	139,038.82	1,148,000.00	637,046.68	800,688.33
Total Costs Funded by Revenues	3,238,625.00	2,846,109.14	5,460,401.00	4,379,564.43	8,699,026.00	7,225,672.57	6,740,303.29
Add: Excess Revenues Over Costs	-	324,241.60	-	887,389.42	-	1,211,632.02	1,990,388.78
	$ 3,238,625.00	$ 3,170,350.74	$ 5,460,401.00	$ 5,266,953.85	$ 8,699,026.00	$ 8,437,304.59	$ 8,730,692.07

	2022 Actual	2021 Actual
Reconciliation to Net Income:		
Excess from Above-Budgetary Basis	$ 1,211,632.02	$ 1,990,388.78
Adjustments to Budgetary Basis:		
Depreciation Expense	(2,358,692.70)	(2,202,171.61)
Capital Outlay	637,046.68	800,687.55
Debt Service - Principal	1,132,492.43	1,219,052.02
Developer Contributions	101,991.50	353,352.00
Loss on Refunding Bonds	(78,147.48)	(78,147.48)
Capital Project Abandoned	-	-
Retained Earnings Appropriated	(783,191.00)	(1,099,425.00)
(Decrease)/Increase in Net Position	$ (136,868.55)	$ 983,736.26

See independent auditors' report.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

SCHEDULE OF WATER AND SEWER REVENUE BONDS - NOVEMBER 30, 2022

	Date of Issue	Amount of Original Issue	Interest Rates	Maturity Dates	Amount	Balance December 1, 2021	Retired	Balance November 30, 2022
New Jersey Environmental Infrastructure Trust, Funding Bond Series 2016 A-RI	5/10/2016		4.50% - 5.00%	8/1/2023	$ 731,000.00			
						$ 1,429,000.00	$ 698,000.00	$ 731,000.00
New Jersey Environmental Infrastructure Trust, Series 2009A-Clean Water Fund Loan	11/6/2009	$ 5,036,636.00	None	2/1/2023	10,071.60			
				8/1/2023	376,311.86			
						773,346.26	386,962.80	386,383.46
New Jersey Environmental Trust, Series 2010A-CW ARRA Trust Loan	3/10/2010	450,000.00	N/A	8-1-2023-24	24,000.00			
			N/A	8-1-2025-26	28,000.00			
			N/A	8-1-2027-28	29,000.00			
			N/A	8/1/2029	33,000.00			
						230,000.00	35,000.00	195,000.00
New Jersey Environmental Infrastructure Trust, Series 2010A-CW ARRA Fund Loan	3/10/2010	439,220.00	N/A	8-1-2023-28	15,686.42			
			N/A	2-1-2023-29	7,843.21			
			N/A	8/1/2029	15,686.66			
						188,237.28	23,529.63	164,707.65
						$ 2,620,583.54	$ 1,143,492.43	$ 1,477,091.11

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)

PERS - Last 10 Fiscal Years

	Years Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.0267175392%	0.0282411765%	0.0266652147%	0.0271686566%	0.0233200368%	0.0263377362%	0.0253653327%	0.0250226872%	0.0231897555%	0.0215789526%
Authority's proportionate share of net pension liability	$ 4,032,044.00	$ 3,345,591.00	$ 4,348,399.00	$ 4,895,380.00	$ 4,591,599.00	$ 6,131,004.00	$ 7,512,484.00	$ 5,617,092.00	$ 4,341,756.00	$ 4,124,167.00
Authority's covered-employee payroll	2,024,622.00	1,950,906.00	1,926,990.00	1,828,528.35	1,821,946.00	1,758,426.46	1,763,058.11	1,721,728.15	1,505,839.61	1,445,582
Authority's proportionate share of net pension liability as a % of payroll	199.15%	171.49%	225.66%	267.72%	252.02%	348.66%	426.11%	326.25%	288.33%	285.29%
Total pension liability	10,962,011.02	11,398,016.85	10,514,838.88	11,272,673.34	9,895,058.55	11,813,098.11	12,549,421.78	10,787,175.37	9,060,578.50	8,042,971.00
Plan fiduciary net position	6,929,966.56	8,052,426.11	6,166,439.70	6,377,293.58	5,303,459.55	5,682,094.11	5,036,937.78	5,170,083.51	4,718,822.03	3,918,804.00
Plan fiduciary net position as a % of total pension liability	63.22%	70.65%	58.65%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Notes to the Required Supplementary Information
- There were no benefit changes.
- The discount rate changed from the measurement date of June 30, 2013, of 5.55% to 5.39% as of the measurement date of June 30, 2014.
- The discount rate changed from the measurement date of June 30, 2014, of 5.39% to 4.90% as of the measurement date of June 30, 2015.
- The discount rate changed from the measurement date of June 30, 2015, of 4.90% to 3.98% as of the measurement date of June 30, 2016.
- The discount rate changed from the measurement date of June 30, 2016, of 3.98% to 5.00% as of the measurement date of June 30, 2017.
- The discount rate changed from the measurement date of June 30, 2017, of 5.00% to 5.66% as of the measurement date of June 30, 2018.
- The discount rate changed from the measurement date of June 30, 2018, of 5.66% to 6.28% as of the measurement date of June 30, 2019.
- The discount rate changed from the measurement date of June 30, 2019, of 6.28% to 7.00% as of the measurement date of June 30, 2020.
- The discount rate of 7.00% as of the measurement date of June 30, 2021, was unchanged from the June 30, 2020 measurement date.
- The discount rate of 7.00% as of the measurement date of June 30, 2022, was unchanged from the June 30, 2021, measurement date.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

SCHEDULE OF CONTRIBUTIONS (UNAUDITED)

PERS - Last 10 Fiscal Years

	Years Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 336,921.00	$ 330,737.00	$ 291,704.00	$ 264,271.00	$ 231,959.00	$ 243,991.00	$ 225,342.00	$ 215,128.00	$ 191,173.00	$ 162,593.00
Contributions in relation to the contractually required contribution	330,737.00	291,704.00	264,271.00	231,959.00	243,991.00	225,342.00	215,128.00	191,173.00	162,593.00	164,859.00
Agency's covered-employee payroll	2,024,622.00	1,950,906.00	1,926,990.00	1,828,528.35	1,821,946.00	1,758,426.46	1,763,058.11	1,721,728.15	1,505,839.61	1,445,582.00
Contributions as a % of covered-employee payroll	16.34%	14.95%	13.71%	12.69%	13.39%	12.81%	12.20%	11.10%	10.80%	11.40%

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

ROSTER OF OFFICIALS (UNAUDITED)

Authority Members	Position
Linda L. Moore	Chairperson
Marc Lippman	Vice Chairperson
Marc Platizky	Secretary
Leonard J. Millner	Treasurer
Steven A. Kurs	Assistant Secretary-Treasurer
Michael Schifman	Alternate Member #1

Other Officials	
Richard Brand	Executive Director
Clark Wolverton (until December 31, 2021)	Utilities O&M Manager
Gregory Tolwinski	Superintendent of Water Maintenance
Anthony Polumbi	Superintendent of Water Treatment
Darren Zujkowski	Superintendent of Wastewater Treatment
Susan Pretz	Administrative Assistant
Ronald A. Ghrist	Chief Financial Officer
Jennifer Tolwinski	Purchasing Agent/Accounts Payable Clerk
Robin Pruitt	Accounts Receivable Clerk
Ryan Scerbo (Decotiis, Fitzpatrick, Cole and Giblin)	Attorney
Mott MacDonald	Consulting Engineers

INDEPENDENT AUDITORS' 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*

To the Honorable Board Members of
East Windsor Municipal Utilities Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), as of and for the year ended November 30, 2022, and the related notes to the financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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

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INDEPENDENT AUDITORS' 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* (CONTINUED)

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, and other matters, 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Digesh B. Patel

Digesh B. Patel, CPA, MBA, CGMA, PSA, CMFO
Registered Municipal Accountant
License No. 578

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 21, 2023

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS
Year Ended November 30, 2022

None reported.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended November 30, 2022

None reported.