

THE LANDIS SEWERAGE AUTHORITY
AUDIT REPORT
YEARS ENDED DECEMBER 31, 2022 AND 2021



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INDEPENDENT AUDITOR'S REPORT

Chairman and Commissioners of
The Landis Sewerage Authority
Vineland, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of The Landis Sewerage Authority for the years ended December 31, 2022 and 2021, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Landis Sewerage Authority as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit requirements as 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Landis Sewerage 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 Landis Sewerage Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023 on our consideration of The Landis Sewerage Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Landis Sewerage Authority's

Other Reporting Required by Government Auditing Standards (Continued)

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 Landis Sewerage Authority's internal control over financial reporting and compliance.

ROMANO, HEARING, TESTA & KNORR

A handwritten signature in blue ink that reads "Romano, Hearing, Testa & Knorr". The signature is written in a cursive, flowing style.

Certified Public Accountants

November 2, 2023

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

Chairman and Commissioners of
The Landis Sewerage Authority
Vineland, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of The Landis Sewerage Authority as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Landis Sewerage Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Landis Sewerage Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of The Landis Sewerage Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Report on Internal Control Over Financial Reporting (Continued)

Compliance and Other Matters

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

Purpose of this Report

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

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

November 2, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The Landis Sewerage Authority's (the Authority) annual financial report presents the analysis of the Authority's overall financial position and results of operation for the year that ended on December 31, 2022. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's Net Capital Assets total \$66.94 million, which is a \$.94 million or 1.38% decrease from 2021.
- The Authority's Total Assets are \$79.51 million, which is a \$2.55 million or 3.11% decrease from 2021.
- During the year, the Authority's operating revenues were \$11.28 million, which is a \$.32 million or 2.92% increase from 2021 and operating expenses were \$12.04 million, which is a \$1.05 million or 9.55% increase from 2021.
- The Authority's Net Position decreased by \$1.354 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund. The Authority's Audit Report includes the required Basic Financial Statements, as described below, the Notes to Financial Statements, required supplementary information, which consists of this Management Discussion and Analysis and required Pension Schedules and finally, supplementary information.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The **Statement of Net Position** includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses and Changes in Net Position**. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its wastewater treatment user fees and other charges. This statement also measures the Authority's profitability and credit worthiness. The other required financial statement is the **Statement of Cash Flows**. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority, and changes in net position. You can think of the Authority's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The analysis below focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1
Net Position
(Dollars in Thousands)

	2022	2021	2020	2022 – 2021	
				Increase (Decrease)	
				\$	%
Current Assets	\$ 10,590	\$ 14,176	\$ 15,562	(3,586)	(25.30)
Noncurrent Assets	68,911	67,879	68,905	1,032	1.52
Total Assets	<u>79,501</u>	<u>82,055</u>	<u>84,467</u>	<u>(2,555)</u>	<u>(3.11)</u>
Deferred Outflows of Resources	<u>1,021</u>	<u>1,044</u>	<u>1,560</u>	<u>17</u>	<u>1.69</u>
Current Liabilities:					
Payable from Unrestricted Assets	1,340	1,268	1,270	72	5.68
Payable From Restricted Assets	879	832	891	47	5.65
Long-Term Liabilities	30,580	29,594	32,147	985	3.33
Total Liabilities	<u>32,799</u>	<u>31,694</u>	<u>34,308</u>	<u>1,105</u>	<u>3.49</u>
Deferred Inflows of Resources	<u>5,727</u>	<u>8,014</u>	<u>7,798</u>	<u>(2,287)</u>	<u>(28.54)</u>
Investment in Capital Assets	43,651	44,517	45,414	(866)	(1.95)
Restricted Net Position:					
Debt Service	1,532	1,532	1,532	0	0
Operating	1,648	1,571	1,507	77	(4.90)
Renewal & Replacement	1,000	1,000	1,000	0	0
Unrestricted	<u>(5,835)</u>	<u>(5,271)</u>	<u>(5,532)</u>	<u>(564)</u>	<u>(10.70)</u>
Total Net Position	<u>\$ 41,996</u>	<u>\$ 43,349</u>	<u>\$ 43,921</u>	<u>(1,353)</u>	<u>(3.12)</u>

Table 2
**Statement of Revenues,
and Changes in Net
Position Expenses**
(Dollars in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	2022 – 2021	
				Increase(Decrease)	
				\$	%
Operating Revenues:					
User Charges & Fees	\$ 10,674	\$ 10,175	\$ 9,696	\$ 499	4.91
Connection Fees	262	369	410	(107)	(29.00)
Other Operating	339	423	318	(84)	(19.86)
Nonoperating Revenues	265	485	192	(220)	(45.36)
Total Revenues	<u>11,540</u>	<u>11,452</u>	<u>10,616</u>	<u>88</u>	<u>.76</u>
Operating Expenses:					
Cost of Providing Services	7,191	6,415	7,158	(776)	(12.10)
Administrative and General	2,044	1,839	2,136	(205)	(11.17)
Depreciation	2,800	2,739	2,652	(61)	(2.24)
Non-Operating Expense:					
Interest	958	980	1,004	22	2.26
Other	76	50	100	(26)	(52.00)
Total Expenses	<u>13,069</u>	<u>12,023</u>	<u>13,050</u>	<u>(1,046)</u>	<u>(8.70)</u>
Loss Before Capital Contributions	(1,529)	(572)	(2,434)	(957)	(167.49)
Capital Contributions	<u>175</u>	<u>0</u>	<u>0</u>	<u>175</u>	<u>100</u>
Change in Net Position	(1,354)	(572)	(2,434)	(782)	(136.89)
Total Net Position-Beginning	<u>43,349</u>	<u>43,921</u>	<u>46,355</u>	<u>(572)</u>	<u>(1.30)</u>
Total Ending Net Position	<u>\$ 41,995</u>	<u>\$ 43,349</u>	<u>43,921</u>	<u>\$ (1,354)</u>	<u>(3.12)</u>

REVENUES

The Authority's total revenues are approximately \$11.54 million for the year ended December 31, 2022. User Charges & Fees were \$10.7 million accounting for 92% of total revenue. Operating expenses include cost of providing services, which totaled \$7.2 million and administrative and general of \$2.0 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2022, the Authority had \$66.94 million invested in a broad range of capital assets. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$2.61 million.

The following tables summarize the Authority's capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2022.

Table 3
Capital Assets, Net of Accumulated Depreciation
(Dollars in Thousands)

	2022	2021	2022- 2021	
			Increase(Decrease) \$	%
Land	\$ 2,020	\$ 2,020	\$ 0	0
Treatment Plant and Pumping Stations	23,747	24,879	(1,132)	(4.55)
Mains & Accessories	26,708	25,123	1,585	6.31
Machinery & Equipment	14,380	14,643	(263)	(1.80)
Office Furniture & Fixtures	69	86	(17)	(19.77)
Construction in Progress	12	1,127	(1,112)	(98.67)
	<u>\$ 66,936</u>	<u>\$ 67,878</u>	<u>\$ (942)</u>	<u>(1.39)</u>

This year's additions (in thousands) include:

Treatment Plant and Pumping Stations	394
Mains & Accessories	2,193
Machinery and Equipment	385
Construction in Progress	1,199
Office Furniture & Fixtures	0

The Authority's FY 2023 capital budget plans for investing another \$2.467 million in capital projects, including the following (in thousands):

Collection	325
Truck, Vehicles	123
Pump Stations	20
Communication/Safety	15
Plant & Process Equipment	612
Office Equipment	6
Lab Equipment	38
Farm Equipment	54
TOTAL	<u><u>\$1,193</u></u>

The Authority plans on funding those capital projects using a combination of existing cash and year 2023 revenue.

Debt Administration

In August 2016, the Authority issued \$25,000,000 in new debt entitled Series 2016 that mature in various amounts through 2046 with an interest rate of 3.95%. The first principal of \$530,583 was paid in 2020. More detailed information about long-term liabilities can be found in Note 4 to the financial statements.

NEXT YEAR'S BUDGETS AND RATES

The 2023 adopted budget did not include a rate increase.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's Executive Director at The Landis Sewerage Authority, 1776 South Mill Road, Vineland, NJ 08360.

BASIC FINANCIAL STATEMENTS

**THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS - UNRESTRICTED:		
Cash and Cash Equivalents	\$ 1,048,864	\$ 725,543
Accounts Receivable	1,438,007	1,207,985
Other Receivables	90,547	252,009
Interest Receivable	20,195	
Prepaid Expenses	262,415	230,006
Inventory	519,349	599,172
	3,379,377	3,014,715
CURRENT ASSETS - RESTRICTED:		
Accounts Required by the Authority's Bond Resolution:		
Cash and Cash Equivalents	5,583,213	11,012,544
Investments	1,455,585	
Other Accounts:		
Cash and Cash Equivalents	171,163	148,411
	7,209,961	11,160,955
NONCURRENT ASSETS:		
Accounts Required by the Authority's Bond Resolution:		
Investments	1,975,692	
Capital Assets, Net	66,935,800	67,878,834
	68,911,492	67,878,834
TOTAL ASSETS	79,500,830	82,054,504
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Amount Relating to Pensions	1,020,663	1,003,689
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,020,663	1,003,689

(Continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts Payable - Operations	\$ 436,908	\$ 408,249
Accrued Pension Liability	607,226	564,754
Accrued Liabilities - Other	295,792	295,010
Total Current Liabilities Payable From Unrestricted Assets	1,339,926	1,268,013
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Contracts Payable - Construction	13,362	12,794
Retainage Payable - Construction	2,640	19,077
Revenue Bonds Payable - Current Portion	596,917	573,932
Escrow - Developers	171,163	148,411
Due to Developers	95,205	78,005
Total Current Liabilities Payable From Restricted Assets	879,287	832,219
LONG-TERM LIABILITIES:		
Accrued Pension Liability - Non-Current Portion	303,613	282,377
Revenue Bonds Payable - Non-Current Portion	22,746,736	23,343,653
Accrued Compensated Absences	262,603	255,572
Net Pension Liability	7,266,873	5,712,804
Total Long-Term Liabilities	30,579,825	29,594,406
TOTAL LIABILITIES	32,799,038	31,694,638
DEFERRED INFLOWS OF RESOURCES:		
Deferred User Charge Revenue	3,490,757	3,361,770
Deferred Connection Fees Revenue	1,084,010	981,195
Deferred Amount Relating to Pensions	1,152,144	3,671,125
TOTAL DEFERRED INFLOWS OF RESOURCES	5,726,911	8,014,090
NET POSITION (DEFICIT):		
Net Investment in Capital Assets	43,651,155	44,517,131
Restricted:		
Debt Service	1,531,798	1,531,798
Operating	1,648,000	1,571,000
Renewal and Replacement	1,000,000	1,000,000
Unrestricted	(5,835,409)	(5,270,464)
TOTAL NET POSITION	\$ 41,995,544	\$ 43,349,465

The accompanying Notes to Financial Statements are an integral part of these statements.

THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUE:		
User Charges and Fees	\$ 10,674,441	\$ 10,175,017
Connection Fees	261,785	368,540
Other	339,211	422,818
	<hr/>	<hr/>
Total Operating Revenue	11,275,437	10,966,375
	<hr/>	<hr/>
OPERATING EXPENSES:		
Cost of Providing Services	7,190,763	6,415,188
Administrative and General	2,044,329	1,838,970
Depreciation	2,800,077	2,738,598
	<hr/>	<hr/>
Total Operating Expenses	12,035,169	10,992,756
	<hr/>	<hr/>
OPERATING LOSS	(759,732)	(26,381)
	<hr/>	<hr/>
NON-OPERATING REVENUE (EXPENSES):		
Miscellaneous Income	211,409	479,217
Interest Income	137,928	5,272
Decrease in Fair Value of Investments	(86,417)	
Interest Expense	(957,866)	(979,966)
Appropriation to City of Vineland	(50,000)	(50,000)
Abandoned Projects	(26,455)	
Gain on Disposal of Capital Asset	2,350	329
	<hr/>	<hr/>
Total Non-Operating Revenue (Expenses)	(769,051)	(545,148)
	<hr/>	<hr/>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,528,783)	(571,529)
	<hr/>	<hr/>
CAPITAL CONTRIBUTIONS	174,862	-
	<hr/>	<hr/>
CHANGE IN NET POSITION	(1,353,921)	(571,529)
	<hr/>	<hr/>
TOTAL NET POSITION- BEGINNING	43,349,465	43,920,994
	<hr/>	<hr/>
TOTAL NET POSITION- ENDING	\$ 41,995,544	\$ 43,349,465
	<hr/>	<hr/>

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	\$ 10,938,006	\$ 10,685,473
Cash Payments to Suppliers for Goods and Services	(1,164,430)	(519,855)
Cash Payments for Employee Services	(8,904,954)	(8,968,007)
Other Operating Receipts (Payments)	517,873	204,050
	<u>1,386,495</u>	<u>1,401,661</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Other Non-Operating Revenue and Expenses	161,409	429,217
	<u>161,409</u>	<u>429,217</u>
Net Cash Provided by Non-Capital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,742,350)	(1,764,419)
Principal Paid on Bonds	(573,932)	(551,832)
Interest Paid on Bonds	(957,866)	(979,966)
Increase in Escrow Accounts	22,752	9,952
	<u>(3,251,396)</u>	<u>(3,286,265)</u>
Net Cash Used In Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received on Investments	137,928	5,272
Purchase of Investment Securities	(3,517,694)	
	<u>(3,379,766)</u>	<u>5,272</u>
Net Cash Provided (Used) by Investing Activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,083,258)	(1,450,115)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,886,498	13,336,613
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,803,240</u>	<u>\$ 11,886,498</u>

(Continued)

The accompanying Notes to Financial Statements are an integral part of these statements.

**THE LANDIS SEWERAGE AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (759,732)	\$ (26,381)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	2,800,077	2,738,598
Increase (Decrease) in Cash Resulting From Changes in:		
Accounts Receivable	(230,022)	98,294
Grant and Other Receivables	161,462	(179,693)
Prepaid Expenses	(32,409)	(24,093)
Inventories	79,823	41,860
Deferred Outflows - Amount Related to Pensions	(16,974)	556,828
Accounts Payable - Operations	28,659	(63,031)
Accrued Pension Liability - Current	42,472	50,469
Accrued Liabilities - Other	782	10,431
Due to Developers	17,200	(39,075)
Deferred User Charge Revenue	128,987	114,562
Deferred Connection Fees	102,815	(70,940)
Net Pension Liability	1,554,069	(1,953,585)
Accrued Pension Liability - Non-Current	21,236	25,234
Accrued Compensated Absences	7,031	(50,225)
Sewer Rent Overpayments		
Deferred Inflows - Amount Related to Pensions	(2,518,981)	172,408
Total Adjustments	2,146,227	1,428,042
Net Cash Provided by Operating Activities	\$ 1,386,495	\$ 1,401,661
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Cash and Cash Equivalents - Unrestricted	\$ 1,048,864	\$ 725,543
Cash and Cash Equivalents - Restricted Accounts Required by Authority's Bond Resolutions	5,583,213	11,012,544
Cash and Cash Equivalents - Other Restricted Accounts	171,163	148,411
	\$ 6,803,240	\$ 11,886,498

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Landis Sewerage Authority, a public body corporate and politic organized and existing under the laws of the State of New Jersey, owns and operates certain sewerage collection, transmission, treatment and disposal facilities and is presently responsible for providing sanitary sewerage service to the City of Vineland and to neighboring areas. The Authority bills and collects its revenue from the users of the system.

The Authority was established on July 15, 1946, by an ordinance of the Township Committee of the former Landis Township, now part of the City of Vineland pursuant to the Act. The Authority has been in continuous existence since it was established.

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

Financial Reporting Entity

The commissioners of the Authority are appointed by the City Council of the City of Vineland and therefore, the Authority is a related organization of the City as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No.61, but not a component unit of the City. The Authority does not have any component units for which it is accountable.

Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing 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 the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The principal operating revenues of the Authority are user charges and fees for sewerage treatment. The Authority also recognizes income from the sale of crops raised in its farm operations, lab testing fees, connection fees and receiving station income as operating revenue. Operating expenses include cost of providing services, administrative and general expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to end of the current fiscal year, and adopted no later than the beginning of the Authority's fiscal year. The budget is adopted on the accrual basis of accounting with provision for cash payments for bond principal. Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

Cash, 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. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan. The governing body of the Authority has adopted a cash management plan ("the plan") and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17.9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued)

Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least five percent (5%) of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Accounts Receivable

The Authority has provided for doubtful accounts by the allowance method. The allowance for doubtful accounts is based upon management's estimate of potentially uncollectible accounts.

Inventory

Inventory consists principally of chemicals and supplies used in the treatment process and are stated at cost determined on a first-in, first-out basis. Inventory consists principally of chemicals, fuels, materials and supplies used in the treatment process and farm operation and are stated at cost determined on a first-in, first-out basis.

Capital Assets

Capital assets, which consist of property, plant and equipment, are stated at cost which includes direct construction costs and other expenditures related to construction.

Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation. Construction in progress is stated at cost.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Treatment plant and pumping stations	40 years
Sewer mains, improvements and accessories	75 years
Machinery and equipment	5 - 15 years
Office furniture	5 - 10 years
Vehicles	5 years

Deferred Outflows and Deferred Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards.

The Authority reports the following as deferred outflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

The Authority reports the following as deferred inflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

The Authority also reports deferred user charge and deferred connection fee revenues as deferred inflows of resources.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond/Loan Premiums, Discounts

Bond discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond discount.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments*, the Authority has classified its net position into three components. These classifications are defined as follows:

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

If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

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

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets". This component includes net position that may be designated for specific purposes by the Board.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenue.

Grants externally restricted for non-operating purposes are recorded as capital contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

Adoption of Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 15, 2020 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements (Continued)

This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of Statement 92 related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments became effective upon issuance and had no had no impact on the Authority's financial statements. However, the remaining requirements of this Statement were originally scheduled to be effective for reporting periods beginning after June 15, 2020 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The adoption of this Statement had no material impact on the Authority's financial statements.

THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements Not Yet Effective

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objectives of this Statement are to address implementation issues related to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended. GASB 53 requires any government entity must eliminate hedge accounting when it renegotiates or changes critical terms of a hedge agreement, such as no longer relying on the London Interbank Offered Rate (LIBOR) when it ceases to exist in its current form at the end of 2021. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 31, 2021 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. The Authority has no derivative instruments as they are prohibited by the State of New Jersey statutory requirements. As a result, management does not expect any impact of the adoption of this Statement on the Authority's financial statements.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objectives of this Statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistence of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges for futures revenues by pledging governments,

THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

clarification of certain provisions in Statement 34, as amended and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPP's and SBITAs will become effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the fiscal years beginning after June 15, 2023. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirement of the Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

Subsequent Events

Management has evaluated subsequent events through November 2, 2023, the date the financial statements were available for issue.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In accordance with the Series 2016 General Bond Resolution, the Authority has established the following cash and investment accounts for the deposit, in the priority of the order listed, of all revenue received by the Authority:

Revenue - All revenue received by the Authority and transfers to the various accounts described below.

Operating - Amount to be required to pay reasonable and necessary operating expenses for a two month period.

Bond Service (Current Debt Service) - An amount equal to the Bond Service Requirement as detailed in the resolution.

Sinking – Amount equal to all prior Sinking Fund installments then due and unpaid plus an accrual based upon a computation detailed in the resolution.

Bond Reserve (Future Debt Service) - An amount equal to the maximum annual debt service for any one year the Bonds are outstanding. Transfers to meet minimum levels in the Bond Service Fund; any excess is to be withdrawn by the trustee and credited to the Revenue Fund.

Renewal and Replacement - An amount which is reasonably necessary as a reserve for expenses for improvements, constructions, reconstructions, betterments, major repairs, renewals, replacements, or maintenance items of a type not recurring annually or at shorter intervals and for costs of equipment. Transfers to the Bond Reserve Fund if necessary to meet the minimum requirements, or payment, if any, of the necessary costs and expenses of items detailed above.

Construction – Any money received by the Authority from any source for payment of costs related to the construction or acquisition of any part of the system.

Rebate – Amounts subject to rebate to the United States Government pursuant to the provisions of the Internal Revenue Code.

General – Any amounts in excess of minimum requirements in the above accounts. Transfers into the above funds if needed to meet the required balances in those accounts. When certain requirements are met, the Trustee may pay to the Authority any amount in excess of the required amount, which will be free and clear of any lien or pledge created by the resolution.

In addition to the accounts required by the General Bond Resolution, the Authority has also established the following restricted accounts:

Engineer Developer Custodian & Developer Escrow - The account is for deposits by developers for costs to be incurred by the Authority on their behalf.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

COMPLIANCE WITH GENERAL BOND RESOLUTION

Section 610 of the Authority's Series 2016 Bond Resolution requires that the Authority make, impose, charge and collect Service Charges in accordance with the Act. Such Service Charges shall be so fixed, charged and collected so that the Revenues for each Fiscal Year will be at least sufficient to pay (1) all Operating Expenses in the Fiscal Year, (2) One Hundred Ten Percent (110%) of the principal and interest on all Bonds as the same shall become due and payable, without recourse to or withdrawal from the Bond Reserve Fund, and (3) all other amounts that are required to be paid pursuant to the Resolution.

Revenues for the year 2022, as defined in the Authority's Bond Resolution, were greater than the amount necessary to meet those provisions and therefore the Authority met the rate covenant contained in Section 610 of the Authority's Bond Resolution, which is calculated as follows:

Revenues (Cash Collections)		<u>\$ 17,381,377</u>	
Operating and Maintenance Expenses (Budgetary Basis)		10,656,981	
110% of Bond Service:			
Bond Service	\$1,531,798		
X 110%	<u> </u>	<u>1,684,978</u>	
Total Expenses and 110% of Bond Service		<u>12,341,959</u>	
Excess of Revenues over Expenses and 110% of Bond Service		<u><u>\$ 5,039,418</u></u>	

AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the General Bond Resolution:

	Operating Fund	Bond Service Fund	Sinking Fund	Bond Reserve Fund
Cash and Investments	\$ 1,725,886	\$ 24,053	\$ 7	\$ 1,531,881
Required Amount	<u>1,647,667</u>	<u>-</u>	<u>-</u>	<u>1,531,798</u>
Excess	<u><u>\$ 78,219</u></u>	<u><u>\$ 24,053</u></u>	<u><u>\$ 7</u></u>	<u><u>\$ 83</u></u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

ARBITRAGE RULES

The Authority is subject to certain arbitrage rules added to the Internal Revenue Code in 1969 and amended by TEFRA in 1992 and by the 1986 TRA. Under these rules, interest earnings on certain investments of proceeds of the Authority's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Authority is required to rebate certain arbitrage profits on non-purpose investments at least once every five years. At December 31, 2022 and 2021 there were no material arbitrage profits subject to rebate.

NOTE 3 DETAIL NOTES - ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2022 and 2021, the carrying amount of the Authority's time and demand deposits were \$2,445,386 and \$2,212,876, respectively, and the bank balance of the Authority's time and demand deposits were \$2,556,272 and \$1,354,499, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority's public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2022, \$500,000 of the Authority's bank balance of \$2,556,272 was insured and \$2,056,272 was uninsured and collateralized. As of December 31, 2021, \$250,000 of the Authority's bank balance of \$1,354,499 was insured, \$1,104,499 was uninsured and collateralized.

In addition to the bank deposits described above, the Authority also had \$74,775 at December 31, 2022 and \$451,108 at December 31, 2021 that was invested in a government money market fund which is not covered by federal deposit insurance or by GUDPA, but which invests exclusively in general obligations issued by the U.S. Government and backed by its full faith and credit and which carries a credit rating of AAA.

At December 31, 2022 and 2021, the Authority had \$4,283,079 and \$9,222,514, respectively, invested in the New Jersey Cash Management Fund ("the Fund") which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Authority’s name. All of the Authority’s investments (\$3,431,277 at December 31, 2022 and \$0 at December 31, 2021) in U.S. Treasury obligations and agencies and other governmental agencies are held in the name of the counterparty not in the name of the Authority.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase in order to limit the exposure of governmental units to credit risk. The Authority’s Cash Management Plan also limits its investment choices to those permitted by N.J.S.A. 40A:5-15.1.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority’s investments are government bonds held in various Federal Agencies, NJ State Agencies, NJ Counties or School Districts.

Fair Value Measurements – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2022, the Authority had the following investments and maturities which are measured using Level 1 inputs.

Quality/Rating	<u>Total Fair Value</u>
Treasury/Agency	3,431,277
Total Investments	<u>\$ 3,431,277</u>

Investment Maturities (in Years)

<u>Total</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,431,277</u>	<u>\$ -</u>

THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 3 **DETAIL NOTES – ASSETS (CONTINUED)**

INVESTMENTS (CONTINUED)

As of December 31, 2021, the Authority held no investments.

ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Accounts Receivable	\$ 1,242,298	\$ 990,554
Municipal Liens Receivable	20,802	21,900
Interest Receivable on Delinquent Charges	<u>174,907</u>	<u>195,531</u>
	<u>\$ 1,438,007</u>	<u>\$ 1,207,985</u>

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Non-Depreciable Capital Assets:				
Land	\$ 2,020,407			\$ 2,020,407
Construction In Progress	1,127,249	1,199,896	2,314,982	12,163
Total Non-Depreciable Capital Assets	<u>3,147,656</u>	<u>1,199,896</u>	<u>2,314,982</u>	<u>2,032,570</u>
Depreciable Capital Assets:				
Treatment Plant and Pumping Stations	66,316,033	394,169		66,710,202
Mains and Accessories	39,208,078	2,192,488		41,400,566
Machinery And Equipment	26,311,376	385,472	192,583	26,504,265
Office Furniture and Fixtures	605,206			605,206
Total Depreciable Capital Assets	<u>132,440,693</u>	<u>2,972,129</u>	<u>192,583</u>	<u>135,220,239</u>
Less Accumulated Depreciation:				
Treatment Plant and Pumping Stations	41,436,542	1,526,667		42,963,209
Mains and Accessories	14,084,816	607,871		14,692,687
Machinery and Equipment	11,668,777	648,232	192,583	12,124,426
Office Furniture and Fixtures	519,380	17,307		536,687
Total Accumulated Depreciation	<u>67,709,515</u>	<u>2,800,077</u>	<u>192,583</u>	<u>70,317,009</u>
Depreciable Capital Assets, Net	<u>64,731,178</u>	<u>172,052</u>	<u>-</u>	<u>64,903,230</u>
Total Capital Assets, Net	<u>\$67,878,834</u>	<u>\$ 1,371,948</u>	<u>\$2,314,982</u>	<u>\$ 66,935,800</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance Jan. 1, 2021	Additions	Reductions	Balance Dec. 31, 2021
Non-Depreciable Capital Assets:				
Land	\$ 2,020,407			\$ 2,020,407
Construction In Progress	4,254,805	1,059,416	4,186,972	1,127,249
Total Non-Depreciable Capital Assets	<u>6,275,212</u>	<u>1,059,416</u>	<u>4,186,972</u>	<u>3,147,656</u>
Depreciable Capital Assets:				
Treatment Plant and Pumping Stations	62,313,629	4,002,404		66,316,033
Mains and Accessories	38,578,324	629,754		39,208,078
Machinery And Equipment	26,137,858	207,997	34,479	26,311,376
Office Furniture and Fixtures	605,206			605,206
Total Depreciable Capital Assets	<u>127,635,017</u>	<u>4,840,155</u>	<u>34,479</u>	<u>132,440,693</u>
Less Accumulated Depreciation:				
Treatment Plant and Pumping Stations	39,983,580	1,452,962		41,436,542
Mains and Accessories	13,491,960	592,856		14,084,816
Machinery and Equipment	11,030,035	673,221	34,479	11,668,777
Office Furniture and Fixtures	499,820	19,560		519,380
Total Accumulated Depreciation	<u>65,005,395</u>	<u>2,738,599</u>	<u>34,479</u>	<u>67,709,515</u>
Depreciable Capital Assets, Net	<u>62,629,622</u>	<u>2,101,556</u>	<u>-</u>	<u>64,731,178</u>
Total Capital Assets, Net	<u>\$ 68,904,834</u>	<u>\$ 3,160,972</u>	<u>\$4,186,972</u>	<u>\$ 67,878,834</u>

NOTE 4 DETAIL NOTES - LIABILITIES

LONG-TERM LIABILITIES

Bonds Payable

In August 2016, the Authority issued its Sewer System Revenue Bonds, Series 2016, in the principal amount of \$25,000,000. The proceeds derived from the issuance and sale of the Bonds are being used to fund certain capital improvements to the Authority's wastewater treatment plant, pumping stations, and collection system, acquisition of equipment, related soft costs and capitalized interest. Revenues as defined in the Series 2016 Bond Resolution are pledged to secure the payment of principal and interest on the Bonds. The outstanding balance of the Series 2016 Bonds at December 31, 2022 and 2021 in the amount of \$23,343,653 and \$23,917,585 consists of serial maturities ranging from \$596,917 on December 31, 2023 to \$1,472,814 on December 31, 2046 at an interest rate of 3.95% per annum. The Series 2016 Bonds are not subject to prepayment for the first ten years. From year eleven (11) to year thirty (30), the prepayment penalty ranges from 10% of the outstanding principal in year eleven (11) to 1% of the outstanding principal balance in year thirty (30).

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Net Pension Liability

For details on the net pension liability, refer to Note 5. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Compensated Absences

Current policy allows employees who retire from the Authority via PERS to be reimbursed for fifty (50%) of accrued sick leave up to a maximum of \$10,000, calculated at the then current rate. Employees may carry vacation time into the subsequent year; however the time must be used within the first 90 days of the subsequent year.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

Type of Debt:	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
Revenue Bonds Payable: Series 2016	\$ 23,917,585		\$ 573,932	\$ 23,343,653	\$ 596,917
Accrued Pension Liability	282,377	21,236		303,613	
Net Pension Liability	5,712,804	1,554,069		7,266,873	
Compensated Absences	255,572	7,031		262,603	
	<u>\$ 30,168,338</u>	<u>\$1,582,336</u>	<u>\$ 573,932</u>	<u>\$ 31,176,742</u>	<u>\$ 596,917</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

Type of Debt:	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year
Revenue Bonds Payable: Series 2016	\$ 24,469,417		\$ 551,832	\$ 23,917,585	\$ 573,932
Accrued Pension Liability	257,143	25,234		282,377	
Net Pension Liability	7,666,389		1,953,585	5,712,804	
Compensated Absences	305,797		50,225	255,572	
	<u>\$ 32,698,746</u>	<u>\$ 25,234</u>	<u>\$ 2,555,642</u>	<u>\$ 30,168,338</u>	<u>\$ 573,932</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity, including principal and interest for revenue bonds payable as of December 31, 2022 are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 596,917	\$ 934,880	\$ 1,531,797
2024	620,823	910,976	1,531,799
2025	645,686	886,112	1,531,798
2026	671,545	860,254	1,531,799
2027	698,440	833,358	1,531,798
2028 - 2032	3,934,859	3,724,134	7,658,993
2033 - 2037	4,788,477	2,870,514	7,658,991
2038 - 2042	5,827,276	1,831,716	7,658,992
2043 - 2046	5,559,630	567,564	6,127,194
	<u>\$ 23,343,653</u>	<u>\$ 13,419,508</u>	<u>\$ 36,763,161</u>

COMMITMENTS AND CONTINGENCIES

As of December 31, 2022 the Authority has entered into various commitments for construction projects in the amount of \$169,000. Costs incurred on those contracts to December 31, 2022 totaled \$123,477.

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEM

PENSIONS

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by obtained from:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Plan Descriptions

Defined Contribution Retirement Program (DCRP) – DCRP is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a “governmental plan” within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen’s Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Public Employees' Retirement System – PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS’ designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction’s pension fund. The PERS’ Board of Trustees is primarily responsible for the administration of the PERS. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Vesting and Benefit Provisions

Defined Contribution Retirement Program – Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Vesting and Benefit Provisions (Continued)

Public Employees' Retirement System – The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

Defined Contribution Retirement Program – The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. If applicable, in addition to the employee contributions, Authorities contribute 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The Authority had no employees participating in the DCRP for the years ended December 31, 2022, 2021 and 2020.

Public Employees' Retirement System – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Contributions (Continued)

fiscal year 2022, 2021 and 2020, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2022 and 7.50% in State fiscal year 2021. Employee contributions were \$279,429, \$267,035, and \$267,391 for the years ended December 31, 2022, 2021, and 2020, respectively. The payroll subject to pension for the Authority's employees covered by PERS was \$3,574,658, \$3,510,626 and \$3,528,853 for the years ended December 31, 2022, 2021 and 2020, respectively.

The Authority is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Authority's required annual contributions to the PERS were \$607,226, \$564,754 and \$514,285 for the years ended December 31, 2022, 2021, and 2020, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2022, 2021 and 2020 was 16.99%, 16.09% and 14.57%, respectively.

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

At December 31, 2022 and 2021, the Authority reported a liability of \$7,266,873 and \$5,712,804, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2022 and 2021 were measured as of June 30, 2022 and 2021, respectively. The total pension liability used to calculate the net pension liability on June 30, 2022 and 2021 was determined by an actuarial valuation as of July 1, 2021 and 2020, respectively. At June 30, 2022, the Authority's proportion was 0.0481524882%, which was an decrease of 0.0000710773% from its proportion measured as of June 30, 2021. At June 30, 2021, the Authority's proportion was 0.0482235655%, which was an increase of 0.0012118003% from its proportion measured as of June 30, 2020.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

At December 31, 2022 and 2021, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ 52,449	\$ 46,253	\$ 90,098	\$ 40,897
Changes of Assumptions	22,515	1,088,139	29,752	2,033,795
Net Difference between Projected and Actual Earnings on Pension Plan Investments	300,769	-	-	1,504,903
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	341,317	17,752	601,462	91,530
Authority Contributions Subsequent to the Measurement Date	303,613	-	282,377	-
	<u>\$ 1,020,663</u>	<u>\$ 1,152,144</u>	<u>\$ 1,003,689</u>	<u>\$ 3,671,125</u>

Deferred outflows of resources related to pensions in the amount of \$303,613 and \$282,377 will be included as a reduction of the net pension liability in the year ending December 31, 2022 and 2021, respectively. This amount is based on an estimated April 1, 2023 and April 1, 2022 contractually required contribution.

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

**Year Ending
Dec 31,**

2022	\$ (357,491)
2023	(182,130)
2024	(88,821)
2025	193,774
2026	(426)
	<u>\$ (435,094)</u>

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)
PENSIONS (CONTINUED)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
June 30, 2020	-	5.00
June 30, 2021	-	5.00
June 30, 2022	5.00	

Actuarial Assumptions

The total pension liability for the June 30, 2022 and 2021 measurement dates were determined by actuarial valuations as of July 1, 2021 and 2020, respectively, which were rolled forward to June 30, 2022 and 2021, respectively.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

	June 30, 2022
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021
	June 30, 2021
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

For the June 30, 2022 and June 30, 2021 measurement date, 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.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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-2019.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2022 and 2021 are summarized in the table:

<u>Asset Class</u>	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.38%	13.50%	8.71%
Emerging Market Equities	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real Assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at June 30, 2022 and 2021, respectively, 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% lower or 1% higher than the current rates used:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 9,335,803	\$ 7,266,873	\$ 5,506,130
	June 30, 2021		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 7,779,681	\$ 5,712,804	\$ 4,259,370

NOTE 6 DETAILED NOTES – NET POSITION

RESTRICTED NET POSITION

The Authority has restricted net position for the following purposes in accordance with the requirements of its Bond Resolution.

	2022	2021
Debt Service	\$ 1,531,798	\$ 1,531,798
Operating	1,648,000	1,571,000
Renewal and Replacement	1,000,000	1,000,000

**THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021**

NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)

UNRESTRICTED NET POSITION

Designated:

The Authority has, by resolution, designated a portion of its Unrestricted Net Position for the following purposes:

Subsequent Year’s Expenditures – The amount so designated as of December 31, 2022 and 2021 is \$50,000 and \$690,000, respectively.

Undesignated:

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2022 and 2021 of \$(5,885,409) and \$(5,960,464), respectively, is comprised of the following:

	2022	2021
Amount Related to Pensions (GASB 68 and 71)	\$ (8,309,193)	\$ (9,227,371)
Undesignated before GASB 68 and 71		
Pension Related Items	2,423,784	3,266,907
	\$ (5,885,409)	\$ (5,960,464)

NOTE 7 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance for risk of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 LEASE AGREEMENT WITH RELATED ENTITY

On April 3, 2009, the Authority entered into a lease agreement with the City of Vineland (“City”) to lease 15.87 acres of land owned by the Authority to the City, who then sublet the land to Conectiv Vineland Solar, LLC, for the purpose of constructing and operating a solar photovoltaic electric generating facility. The term of the lease shall end on the date the City’s Power Purchase and Sale Agreement with Conectiv Vineland Solar, LLC ends, or such date the City and the Authority may agree upon. The maximum term shall not exceed thirty (30) years without written approval of the Authority. The Authority will receive a percentage of the City’s savings from the solar energy delivered both on a monthly and annual basis during the term of the agreement. As described in Note 1, the Authority is a related organization to the City of Vineland, but not a Component Unit of the City.

THE LANDIS SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022 AND 2021

NOTE 9 **SUBSEQUENT EVENTS**

The management of the Authority has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, and globally, economic uncertainties have arisen which could negatively impact the financial position of the Authority. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. While the impact that COVID-19 will have is currently expected to be temporary, and Management does not currently expect the impact to be material in nature, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**THE LANDIS SEWERAGE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULES OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS AND NOTES**

Schedule of Proportionate Share of Net Pension Liability at June 30 (measurement date)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.0481524882%	0.0482235655%	0.0470117652%	0.0462832820%	0.0464147700%	0.0420005241%	0.0461319889%	0.0433908573%	0.0441950963%	0.0438836049%
Authority's Proportionate Share of the Net Pension Liability	\$ 7,266,873	\$ 5,712,804	\$ 7,666,389	\$ 8,339,545	\$ 9,138,837	\$ 9,777,051	\$ 13,662,972	\$ 9,740,378	\$ 8,274,531	\$ 8,387,029
Authority's Covered-Employee Payroll	\$ 3,568,848	\$ 3,534,012	\$ 3,316,416	\$ 3,289,000	\$ 3,259,500	\$ 2,991,632	\$ 3,164,092	\$ 2,863,016	\$ 3,056,348	\$ 3,014,168
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	203.62%	161.65%	231.16%	253.56%	280.38%	326.81%	431.81%	340.21%	270.73%	278.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule of Employer Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 607,226	\$ 564,754	\$ 514,285	\$ 450,200	\$ 461,677	\$ 389,090	\$ 409,830	\$ 373,045	\$ 364,338	\$ 330,654
Contributions in Relation to the Contractually Required Contribution	\$ (607,226)	\$ (564,754)	\$ (514,285)	\$ (450,200)	\$ (461,677)	\$ (389,090)	(409,830)	(373,045)	(364,338)	(330,654)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 3,574,658	\$ 3,510,626	\$ 3,528,853	\$ 3,384,006	\$ 3,220,335	\$ 3,237,854	\$ 3,050,187	\$ 3,126,640	\$ 2,940,410	\$ 3,026,210
Contributions as a Percentage of Authority's Covered-Employee Payroll	16.99%	16.09%	14.57%	13.30%	14.34%	12.02%	13.44%	11.93%	12.39%	10.93%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the July 1, 2020 and 2019 actuarial valuation.

Changes in Assumptions - In accordance with Paragraph 44 of GASB Statement No. 67 the discount rate for June 30, changed as follows:

	2022	2021	2020	2019	2018	2017	2016	2015	2013
	7.00%	7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.55%

Schedule Presentation - These schedules are presented to illustrate the requirement to show information for 10 years.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED
YEARS ENDED DECEMBER 31, 2022 AND 2021

	NET INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED		RESTRICTED				TOTALS (MEMO)	
		UNDESIGNATED	DESIGNATED	DEBT SERVICE	CONSTRUCTION	RENEWAL AND REPLACEMENT	OPERATING	2022	2021
OPERATING REVENUE:									
User Charges and Fees	\$ -	\$ 10,674,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,674,441	\$ 10,175,017
Connection Fees		261,785						261,785	368,540
Other		339,211						339,211	422,818
		<u>11,275,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,275,437</u>	<u>10,966,375</u>
OPERATING EXPENSES:									
Cost of Providing Services		7,190,763						7,190,763	6,415,188
Administrative and General		2,044,329						2,044,329	1,838,970
Depreciation		2,800,077						2,800,077	2,738,598
		<u>12,035,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,035,169</u>	<u>10,992,756</u>
OPERATING LOSS	<u>-</u>	<u>(759,732)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(759,732)</u>	<u>(26,381)</u>
NON-OPERATING REVENUE (EXPENSES):									
Miscellaneous Income		211,409						211,409	479,217
Interest Income		100,415		37,386	127			137,928	5,272
Interest Expense		(957,866)						(957,866)	(979,966)
Abandoned Projects		(26,455)						(26,455)	
Appropriation to City of Vineland		(50,000)						(50,000)	(50,000)
Gain on Disposal of Capital Asset		2,350						2,350	329
Increase (Decrease) in Fair Value of Investments		(86,417)						(86,417)	-
		<u>(806,564)</u>	<u>-</u>	<u>37,386</u>	<u>127</u>	<u>-</u>	<u>-</u>	<u>(769,051)</u>	<u>(545,148)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>-</u>	<u>(1,566,296)</u>	<u>-</u>	<u>37,386</u>	<u>127</u>	<u>-</u>	<u>-</u>	<u>(1,528,783)</u>	<u>(571,529)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>174,862</u>						<u>174,862</u>	<u>-</u>
TRANSFERS AND ADJUSTMENTS:									
Interest Income		37,513		(37,386)	(127)			-	-
Other Transfers	(865,976)	1,428,976	(640,000)				77,000	-	-
INCREASE (DECREASE) IN NET POSITION	<u>(865,976)</u>	<u>75,055</u>	<u>(640,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>(1,353,921)</u>	<u>(571,529)</u>
NET POSITION - JANUARY 1,	<u>44,517,131</u>	<u>(5,960,464)</u>	<u>690,000</u>	<u>1,531,798</u>	<u>-</u>	<u>1,000,000</u>	<u>1,571,000</u>	<u>43,349,465</u>	<u>43,920,994</u>
NET POSITION - DECEMBER 31,	<u>\$ 43,651,155</u>	<u>\$ (5,885,409)</u>	<u>\$ 50,000</u>	<u>\$ 1,531,798</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,648,000</u>	<u>\$ 41,995,544</u>	<u>\$ 43,349,465</u>
UNRESTRICTED NET POSITION (DEFICIT)-									
UNDESIGNATED-									
Related to Pensions (GASB 68 and 71)		\$ (8,309,193)							
Before GASB 68 and 71 Pension Related Items		2,423,784							
		<u>\$ (5,885,409)</u>							

THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021

	2022 BUDGET	2022 ACTUAL	2021 ACTUAL
REVENUE:			
User Charges and Fees	\$ 9,980,000	\$ 10,674,441	\$ 10,175,017
Connection and Lateral Fees	140,000	261,785	368,540
Other Revenue	535,000	550,620	902,035
Interest Income	185,000	137,928	5,272
Total Revenue	10,840,000	11,624,774	11,450,864
EXPENSES:			
Cost of Providing Services:			
Salaries - Supervision	1,210,000	1,425,989	1,292,689
Salaries and Wages	2,095,000	2,182,969	2,154,001
Employee Benefits	1,375,000	1,574,790	1,408,747
Payroll Taxes	269,000	283,736	266,061
Utilities and Telephone	896,300	1,008,895	917,841
Miscellaneous Materials and Supplies	205,000	366,163	222,367
Repairs and Maintenance	309,000	272,872	309,626
Laboratory Testing	31,000	28,904	19,534
Grit and Grease Disposal	18,000	16,962	17,086
Mobile Equipment Expense	127,000	165,980	112,360
Chemicals	432,700	350,027	400,966
Industrial Pretreatment	21,000	15,054	14,830
Sewer Backup and Clean-up Costs	25,000	24,129	28,320
Farm Supplies, Maintenance and Utilities	160,000	185,108	144,769
	7,174,000	7,901,578	7,309,197
Administrative and General Expenses:			
Salaries and Wages	995,000	1,052,529	981,711
Employee Benefits	501,000	478,144	445,803
Payroll Taxes	80,000	77,473	71,477
Professional Services	184,000	163,638	180,301
Insurance	191,000	203,934	183,424
Travel	6,000	4,940	4,023
Public Relations	1,500	150	845
City of Vineland - Tax Office	11,000	11,848	10,750
Permit Fees	122,000	84,856	92,902
Miscellaneous Expense	41,000	77,132	50,929
Office Expenses	106,000	85,117	58,669
Chairman's Expenses	6,500	7,930	8,774
Household Hazardous Waste Clean-Up Day	4,000	4,000	4,000
	2,249,000	2,251,691	2,093,608
Interest Expense	958,000	957,866	979,966

THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021

	2022 BUDGET	2022 ACTUAL	2021 ACTUAL
OTHER COSTS FUNDED BY REVENUE:			
Principal Maturities	\$ 574,000	\$ 573,932	\$ 551,832
Debt Service Coverage Requirement	65,000		
Municipal Appropriations	50,000	50,000	50,000
Capital Outlays	460,000	453,712	285,562
	1,149,000	1,077,644	887,394
TOTAL COSTS FUNDED BY REVENUE	11,530,000	12,188,779	11,270,165
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	\$ (690,000)	(564,005)	180,699
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Capital Contributions		174,862	
Abandoned Projects		(26,455)	
Principal Maturities		573,932	551,832
Capital Outlays		453,712	285,562
Depreciation		(2,800,077)	(2,738,598)
Increase (Decrease) in Fair Value of Investments		(86,417)	
Gain on Disposal of Capital Asset		2,350	329
Pension Expense - Difference of GAAP vs. Budgetary Basis		918,177	1,148,647
		\$ (1,353,921)	\$ (571,529)
CHANGE IN NET POSITION PER EXHIBIT B		\$ (1,353,921)	\$ (571,529)

**THE LANDIS SEWERAGE AUTHORITY
SCHEDULE OF SEWER REVENUE BONDS PAYABLE
DECEMBER 31, 2022**

DESCRIPTION	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2022	ISSUED 2022	PRINCIPAL PAID 2022	BALANCE DECEMBER 31, 2022
	DATE	AMOUNT		DATE	AMOUNT				
Issue of 2016	8/11/2016	\$ 25,000,000	3.95%	12/31/2023	\$ 596,917	\$ 23,917,585	\$ -	\$ 573,932	\$ 23,343,653
			3.95%	12/31/2024	620,823				
			3.95%	12/31/2025	645,686				
			3.95%	12/31/2026	671,545				
			3.95%	12/31/2027	698,440				
			3.95%	12/31/2028	726,411				
			3.95%	12/31/2029	755,503				
			3.95%	12/31/2030	785,760				
			3.95%	12/31/2031	817,228				
			3.95%	12/31/2032	849,957				
			3.95%	12/31/2033	883,997				
			3.95%	12/31/2034	919,400				
			3.95%	12/31/2035	956,220				
			3.95%	12/31/2036	994,516				
			3.95%	12/31/2037	1,034,344				
			3.95%	12/31/2038	1,075,769				
			3.95%	12/31/2039	1,118,852				
			3.95%	12/31/2040	1,163,660				
			3.95%	12/31/2041	1,210,263				
			3.95%	12/31/2042	1,258,732				
			3.95%	12/31/2043	1,309,143				
			3.95%	12/31/2044	1,361,572				
			3.95%	12/31/2045	1,416,101				
			3.95%	12/31/2046	1,472,814				
			3.95%	12/31/2046	1,472,814				
						<u>\$ 23,917,585</u>	<u>\$ -</u>	<u>\$ 573,932</u>	<u>\$ 23,343,653</u>

**THE LANDIS SEWERAGE AUTHORITY
FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2022**

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

None Noted

**THE LANDIS SEWERAGE AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2022**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted

**THE LANDIS SEWERAGE AUTHORITY
ROSTER OF OFFICIALS**

<u>Authority Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Joseph J. Reuben	Chairman	\$ 10,000
Alan R. Angelo	Vice-Chairman	10,000
Carlos Villar	Secretary	10,000
Thomas J. Merighi	Treasurer (to 1/31/2022)	10,000
Perry D. Barse	Assistant Secretary/Treasurer	10,000
Yarilee J. Miranda	Treasurer (from 2/7/2022)	10,000

Other Officials

Stephen Barse	Solicitor	
Dennis W. Palmer	Executive Director/Chief Engineer	10,000
David R. Kotok	Financial Advisor	

Surety Companies

Selective Insurance Company of America