

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)

Financial Statements and Supplementary Information

For the years ended June 30, 2020 and 2019

(With Independent Auditor's Report thereon)

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Financial Statements and Supplementary Information
For the years ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners of
Plumsted Township Municipal Utilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Plumsted Township Municipal Utilities Authority, a component unit of the Township of Plumsted, County of Ocean, State of New Jersey, as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Plumsted Township Municipal Utilities Authority, a component unit of the Township of Plumsted, County of Ocean, State of New Jersey as of June 30, 2020 and 2019 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plumsted Township Municipal Utilities Authority's basic financial statements. The other supplementary information, such as the accompanying schedule of revenues and costs compared to budget, is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 on our consideration of the Plumsted Township Municipal Utilities 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 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 Plumsted Township Municipal Utilities Authority's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 3, 2020
Toms River, New Jersey

**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***

The Board of Commissioners of
Plumsted Township Municipal Utilities Authority

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 as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Plumsted Township Municipal Utilities Authority as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Plumsted Township Municipal Utilities Authority's basic financial statements and have issued our report thereon dated November 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plumsted Township Municipal Utilities Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plumsted Township Municipal Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Plumsted Township Municipal Utilities 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 were not 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plumsted Township Municipal Utilities 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* or audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* and audit requirements as prescribed by the Local Finance Board and 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.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 3, 2020
Toms River, New Jersey

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
121 EVERGREEN ROAD
NEW EGYPT, NEW JERSEY 08533
609-758-2241 EXT. 132
609-758-0123 (FAX)

Management's Discussion and Analysis

November 3, 2020

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of Plumsted Township Municipal Utilities Authority's (the Authority) financial activities for the fiscal years ended June 30, 2020 and 2019 as compared to the prior year. It should be read in conjunction with the accompanying financial statements.

Financial Statements

The financial statements included in this report are the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for the years ended June 30, 2020 and 2019.

The Statement of Net Position show the financial position of the Authority at June 30th of each year. Assets and deferred outflows of resources are compared with liabilities, deferred inflows of resources and net position is the result.

The Statement of Revenues, Expenses and Changes in Net Position measure performance for each year and how this performance impacts net position.

Finally, the Statement of Cash Flows demonstrates why cash balances increased or decreased during the two years.

Condensed Financial Information

Key Authority Financial Information for the fiscal years 2020, 2019 and 2018 include the following balances:

Financial Position:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current and Other Assets	\$ 167,690	\$ 182,821	\$ 168,236
Capital Assets	243,987	243,987	243,987
Total Assets	411,677	426,808	412,224
Deferred Outflow of Resources	43,931	90,296	139,720
Total Assets and Deferred Outflow of Resources	<u>\$ 455,608</u>	<u>\$ 517,104</u>	<u>\$ 551,944</u>
Current Liabilities	81,289	89,600	75,969
Long-Term Liabilities	166,272	183,835	220,297
Total Liabilities	247,561	273,435	296,266
Deferred Inflow of Resources	125,324	260,280	376,752
Net Investment in Capital Assets	243,987	243,987	243,987
Unrestricted	(161,264)	(260,598)	(365,062)
Total Net Position	82,723	(16,611)	(121,074)
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 455,608</u>	<u>\$ 517,104</u>	<u>\$ 551,944</u>

Condensed Financial Information (continued)

Revenues, Expenses and Changes in Net Position:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>Operating Revenues</u>			
Service Fees	\$ 387,524	\$ 385,509	\$ 363,576
<u>Non-Operating Revenues</u>			
Local subsidies and donations	64,608	64,608	62,858
Investment income	229	147	237
Miscellaneous income	3,723	6,228	10,125
Total Revenue	<u>456,084</u>	<u>456,493</u>	<u>436,795</u>
<u>Operating Expenses</u>			
Administration	4,952	19,546	14,680
Cost of providing services	<u>351,798</u>	<u>332,483</u>	<u>314,856</u>
Total Expenses	<u>356,750</u>	<u>352,029</u>	<u>329,535</u>
Change in Net Position	99,334	104,463	107,260
Beginning Net Position	<u>(16,611)</u>	<u>(121,074)</u>	<u>(228,334)</u>
Ending Net Position	<u>\$ 82,723</u>	<u>\$ (16,611)</u>	<u>\$ (121,074)</u>

During the year ended June 30, 2020, current assets decreased by \$15,131. This increase was mainly due to more collections on customer accounts receivable and additional cash paid to vendors.

During the year ended June 30, 2020, current liabilities decreased by \$8,311 due to the timing of expenses incurred and booked to accounts payable. Net pension liability decreased to \$166,272 as a result of changes in actuarial assumptions provided by the State of New Jersey in regards to GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

The Authority's total net position increased \$99,334 during 2020 when compared to 2019 due to the change in net position, as shown above.

In 2020, operating revenues increased by \$2,015 and non-operating revenues decreased by \$2,424 for a total revenue decrease of \$409 when compared to 2019. Changes in service charges are a function of the number of solid waste customers while other operating revenues fluctuate depending upon the number and type of applications filed. Local subsidies are received from the Township either through its budget appropriation or capital improvement authorization.

The Authority's operating expenses increased by \$4,721 in 2020 when compared to 2019.

Financial Contact

The Authority's financial report is designed to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined at 121 Evergreen Road, New Egypt, New Jersey 08533 during the Authority's business hours.

PLUMSTED MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Statements of Net Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	\$ 60,338	\$ 100,513
Accounts receivable	68,701	72,557
Miscellaneous receivable	33,243	-
Total current unrestricted assets	<u>162,282</u>	<u>173,070</u>
Restricted assets:		
Escrow deposits - cash and cash equivalents	<u>5,408</u>	<u>9,751</u>
Total current restricted assets	<u>5,408</u>	<u>9,751</u>
Total current assets	<u>167,690</u>	<u>182,821</u>
Property, plant and equipment, net	<u>243,987</u>	<u>243,987</u>
Total assets	<u>411,677</u>	<u>426,808</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>43,931</u>	<u>90,296</u>
Total deferred outflow of resources	<u>43,931</u>	<u>90,296</u>
Total assets and deferred outflow of resources	<u><u>\$ 455,608</u></u>	<u><u>\$ 517,104</u></u>
LIABILITIES		
Current liabilities paid from unrestricted assets:		
Accounts payable	\$ 74,622	\$ 76,463
Compensated absences	552	552
Accrued payroll	<u>707</u>	<u>2,834</u>
Total current liabilities paid from unrestricted assets	<u>75,881</u>	<u>79,849</u>
Current liabilities paid from restricted assets:		
Reserve for escrow and inspection deposits	<u>5,408</u>	<u>9,751</u>
Total current liabilities paid from restricted assets	<u>5,408</u>	<u>9,751</u>
Non-current unrestricted liabilities:		
Net pension liability	<u>166,272</u>	<u>183,835</u>
Total non-current unrestricted liabilities	<u>166,272</u>	<u>183,835</u>
Total liabilities	<u>247,561</u>	<u>273,435</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>125,324</u>	<u>260,280</u>
Total deferred inflow of resources	<u>125,324</u>	<u>260,280</u>
NET POSITION		
Net investment in capital assets	243,987	243,987
Unrestricted net position	<u>(161,264)</u>	<u>(260,598)</u>
Total net position	<u>82,723</u>	<u>(16,611)</u>
Total liabilities, deferred inflow of resources and net position	<u><u>\$ 455,608</u></u>	<u><u>\$ 517,104</u></u>

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

PLUMSTED MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Service fees	\$ 387,524	\$ 385,509
Total operating revenues	<u>387,524</u>	<u>385,509</u>
Operating expenses:		
Adminstration	4,952	19,546
Cost of providing services	<u>351,798</u>	<u>332,483</u>
Total operating expenses	<u>356,750</u>	<u>352,029</u>
Net change in operations	<u>30,774</u>	<u>33,480</u>
Non-operating revenues:		
Local subsidies and donations	64,608	64,608
Investment income	229	147
Miscellaneous income	<u>3,723</u>	<u>6,228</u>
Total non-operating revenues	<u>68,560</u>	<u>70,983</u>
Change in net position	99,334	104,463
Net position, July 1	<u>(16,611)</u>	<u>(121,074)</u>
Net position, June 30,	<u>\$ 82,723</u>	<u>\$ (16,611)</u>

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

PLUMSTED MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Statements of Cash Flows
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from service users	\$ 326,772	\$ 317,092
Cash paid to suppliers and employees	(471,215)	(441,908)
Cash received from others	31,365	96,038
Net cash flows from operating activities	<u>(113,078)</u>	<u>(28,778)</u>
 Cash flows from investing activities:		
Interest received	229	147
Net cash flows from investing activities	<u>229</u>	<u>147</u>
 Cash flows from noncapital financing activities:		
Local subsidies and donations	64,608	64,608
Other receipts	3,723	6,228
Net cash flows from noncapital financing activities	<u>68,331</u>	<u>70,836</u>
 Change in cash	(44,518)	42,205
Cash and cash equivalents, July 1	<u>110,264</u>	<u>68,059</u>
Cash and cash equivalents, June 30	<u>\$ 65,746</u>	<u>\$ 110,264</u>
 Reconciliation to Statements of Net Position:		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 60,338	\$ 100,513
Cash and cash equivalents - restricted	5,408	9,751
Total cash and cash equivalents, June 30	<u>\$ 65,746</u>	<u>\$ 110,264</u>
 Reconciliation of net income to cash flows from operating activities:		
Net change from operations	\$ 30,774	33,480
Items which did not use cash:		
Unbudgeted pension expense	(106,154)	(103,510)
Working capital changes which provided (used) cash:		
Accounts receivable	3,856	(3,809)
Miscellaneous receivable	(33,243)	31,430
Escrow deposits	(4,343)	-
Accounts payable and accrued expenses	(1,841)	13,621
Due from employee	(2,127)	10
Net cash flows from operating activities	<u>\$ (113,078)</u>	<u>\$ (28,778)</u>

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

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements
For the years ended June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The Plumsted Township Municipal Utilities Authority (the "Authority"), a public body corporate and politic of the Township of Plumsted, County of Ocean, State of New Jersey, was organized and exists under the Municipal and County Utilities Law, constituting Chapter 183 of the Laws of the State of New Jersey of 1957 and was created by an ordinance of the Mayor and Committee of the Township of Plumsted adopted June 29, 1990. The Authority members are appointed by the Township Committee for terms of five years.

Component Unit

The Authority is considered to be a "Component Unit" of the Township of Plumsted under GAAP however, the Township does not follow GAAP for accounting and financial reporting purposes rather it follows a regulatory basis of accounting, utilizing accounting principles which differ, in some cases significantly, from GAAP. Of particular note is the exclusion from the Township's financial statements of potential component units, based on the separate legal status of these units. Accordingly, the financial statements of the Township do not include the Authority as a component unit.

Basis of Presentation

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

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Service charges are recognized as revenue when services are provided.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

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

The legal level of budgetary control is established at the detail shown on the Statements of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States of America or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the Act.

The Authority has established a restricted cash escrow account for advance payments and deposits required as a condition for the Authority to commence engineering reviews and inspections on new development. Funds held for reviews and inspections become earned revenues of the Authority as the services are performed and amounts remaining at project completion, including a portion of interest earnings, are returned to the developer.

Property, Plant and Equipment

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses, and Changes in Net Position. The Authority has established a capitalization threshold of \$1,000.

Construction in progress is related to the planning and design of a future sewer infrastructure system. Property, plant and equipment for the years ended June 30, 2020 and 2019 represents only construction in progress, therefore no depreciation expense has been taken.

Compensated Absences

Compensated absences represent amounts to which employees are entitled to, based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. For the years ended June 30, 2020 and 2019, the Authority accrued compensated absences in the amount of \$552 and \$552, respectively.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Accounts

The Authority has established restricted use accounts as follows:

Escrow Account - Advance payments and deposits required as a condition for the Authority to commence engineering reviews and inspections on new development, and cash in lieu of bonds required by the Authority. Monies held for reviews and inspections become earned revenues of the Authority as the services are performed, and amounts remaining at project completion, including a portion of interest earnings, are returned to the developer. Cash held in lieu of bonds is refunded in the same manner, and following the same procedures, as those for the release of bonds required by the Authority.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions Section

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 the PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. 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 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

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

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position (continued)

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

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

As of June 30, 2020, the Authority only had two of the three components of net position.

Income Taxes

The Authority operates as defined by Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues as non-operating.

Use of Estimates

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

Impact of Recently Issued Accounting Principles

Recently Issued Accounting Pronouncements

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

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of the new GASB Statement No. 95, the Statement will now become effective for the Authority in the fiscal year ending June 30, 2022. Management has not yet determined the impact of this Statement on the financial statements.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentations. Such reclassifications have no effect on the previously reported change in net position.

Subsequent Events

The Authority has evaluated subsequent events occurring after June 30, 2020 through November 3, 2020, which is the date the financial statements were available to be issued. See Note 7 for additional information.

NOTE 2: CASH AND CASH EQUIVALENTS

The Authority is governed by the deposit limitations of New Jersey state law. The deposits held at June 30, 2020 and 2019 reported at fair value are as follows:

	<u>2020</u>	<u>2019</u>
Deposits:		
Demand deposits	\$ <u>65,746</u>	\$ <u>110,264</u>
Total deposits	\$ <u>65,747</u>	\$ <u>110,264</u>
Reconciliation to Statements of Net Position:		
Current unrestricted assets:		
Cash and cash equivalents	\$ 60,338	\$ 100,513
Current restricted assets:		
Cash and cash equivalents	<u>5,408</u>	<u>9,751</u>
Total cash and cash equivalents	\$ <u>65,746</u>	\$ <u>110,264</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2020 and 2019, the Authority's bank balance of \$62,645 and \$110,264, respectively, was insured or collateralized as follows:

	<u>2020</u>	<u>2019</u>
Insured by FDIC	\$ <u>62,645</u>	\$ <u>110,264</u>
Total	\$ <u>62,645</u>	\$ <u>110,264</u>

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
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Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Accounts receivable - customers	\$ 68,701	\$ 72,557
Accounts receivable - other	<u>33,243</u>	<u>-0-</u>
Total	<u>\$ 101,944</u>	<u>\$ 72,557</u>

NOTE 4: PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment at June 30, 2020 and 2019 consisted of the following:

For the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Construction in progress	\$ 243,987	\$ -	\$ -	\$ 243,987
Total capital assets not being depreciated	<u>243,987</u>	<u>-</u>	<u>-</u>	<u>243,987</u>
Government activities capital assets, net	<u>\$ 243,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,987</u>

For the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Construction in progress	\$ 243,987	\$ -	\$ -	\$ 243,987
Total capital assets not being depreciated	<u>243,987</u>	<u>-</u>	<u>-</u>	<u>243,987</u>
Government activities capital assets, net	<u>\$ 243,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,987</u>

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 5: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 5: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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. For the year ended June 30, 2020, the Authority's contractually required contribution to PERS plan was \$8,976.

Components of Net Pension Liability - At June 30, 2020, the Authority's proportionate share of the PERS net pension liability was \$166,272. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Authority's proportion measured as of June 30, 2019, was 0.0009227871% which was a decrease of 0.0000108829% from its proportion measured as of June 30, 2018.

Balances at June 30, 2020 and June 30, 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 43,931	\$ 90,296
Deferred Inflows of Resources	125,324	260,280
Net Pension Liability	166,272	183,835
Authority's portion of the Plan's total Net Pension Liability	0.00092%	0.00093%

Pension Expense and Deferred Outflows/Inflows of Resources – At June 30, 2020, the recognized a pension credit of \$97,178 for its proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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(A Component Unit of the Township of Plumsted,
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Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 5: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 2,984	\$ 735
Changes of Assumptions	16,603	57,713
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,625
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	<u>24,344</u>	<u>64,251</u>
	<u>\$ 43,931</u>	<u>\$ 125,324</u>

The Authority will amortize the above sources of deferred outflows and inflows related to PERS 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, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
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Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 5: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Net Difference between Projected
and Actual Earnings on Pension

Plan Investments

Year of Pension Plan Deferral:

June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-

Changes in Proportion and Differences
between Contributions and

Proportionate Share of Contributions

Year of Pension Plan Deferral:

June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

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

Year Ending	
<u>June 30,</u>	<u>Amount</u>
2021	\$ (45,149)
2022	(12,304)
2023	(15,764)
2024	(7,404)
2025	<u>(772)</u>
	<u><u>\$ (81,393)</u></u>

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

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 5: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Inflation	
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 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 5: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)
For the years ended June 30, 2020 and 2019

NOTE 5: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Authority's Proportionate Share of the Net Pension Liability	\$ 211,490	\$ 166,272	\$ 130,301

NOTE 6: DEFICIT IN NET POSITION

The Authority had deficits in unrestricted net position in the amount of \$161,264 and \$260,598 at June 30, 2020 and 2019, respectively. The primary cause of these deficits are due to the recording of the net pension liability for the Public Employee's Retirement System (PERS), as required by generally accepted accounting principles. If this was not required, the unrestricted net position before net pension liability and deferred outflows and inflows related to pensions would be \$86,401 and \$93,221 as of June 30, 2020 and 2019, respectively. These deficits in unrestricted net position does not indicate that the Authority is facing financial difficulties.

NOTE 7: SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continued to spread throughout the United States. On March 21, 2020, the Governor of New Jersey declared a health emergency and issued an order to close all non-essential businesses until further notice. In light of the uncertainty as to the severity and duration of the pandemic and actions that may be taken by governmental authorities, the impact on the Authority's revenue, cash flows, and financial position is uncertain at this time.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted, County of Ocean, State of New Jersey)
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Last Seven Fiscal Years

	Measurement Date Ended June 30,				
	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability (asset)	0.00092%	0.00093%	0.00095%	0.00095%	0.00091%
Authority's proportionate share of the net pension liability (asset)	\$ 166,272	\$ 183,835	\$ 220,297	\$ 220,297	\$ 205,098
Authority's covered-employee payroll	\$ 65,568	\$ 65,568	\$ 66,029	\$ 65,132	\$ 66,557
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	253.59%	280.37%	333.64% #	338.23%	308.15%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%
					52.08%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years is available.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted, County of Ocean, State of New Jersey)
Schedule of Authority Contributions
Public Employees' Retirement System
Last Seven Fiscal Years

	For the Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 8,979	\$ 9,287	\$ 8,767	\$ 8,467	\$ 7,855	\$ -	\$ -
Contributions in relation to the contractually required contribution	8,979	9,287	8,767	8,467	7,855	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 65,568	\$ 65,568	\$ 65,568	\$ 66,029	\$ 65,132	\$ 66,557	\$ 64,522
Contributions as a percentage of covered-employee payroll	13.69%	14.16%	13.37%	12.82%	12.06%	0.00%	0.00%

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted, County of Ocean, State of New Jersey)
Notes to the Required Supplementary Information
For the year ended June 30, 2020

Public Employees' Retirement System (PERS)

Changes of Benefit Terms – None

Changes of Assumptions – The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedules of Revenues and Costs Compared to Budget
For the years ended June 30, 2020 and 2019

	June 30, 2020			June 30, 2019				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:								
Service fees	\$ 368,000	\$ 368,000	\$ 387,524	\$ 19,524	\$ 368,000	\$ 368,000	\$ 385,509	\$ 17,509
Total operating revenues	368,000	368,000	387,524	19,524	368,000	368,000	385,509	17,509
Non-operating revenues:								
Local subsidies and donations	64,608	64,608	64,608	-	64,608	64,608	64,608	-
Investment income	-	-	229	229	-	-	147	147
Miscellaneous income	8,910	8,910	3,723	(5,187)	-	-	6,228	6,228
Total non-operating revenues	73,518	73,518	68,560	(4,958)	64,608	64,608	70,983	6,375
Operating appropriations:								
Administration:								
Salaries and wages	70,216	70,216	71,148	(932)	70,216	70,216	65,020	5,196
Fringe benefits	22,000	22,000	9,536	12,464	20,000	20,000	7,968	12,032
Other expenses	37,000	37,000	30,422	6,578	39,000	39,000	50,068	(11,068)
Total administration	129,216	129,216	111,106	18,110	129,216	129,216	123,056	6,160
Cost of providing services:								
Other expenses	334,868	334,868	351,798	(16,930)	325,156	325,156	332,483	(7,327)
Total cost of providing services:	334,868	334,868	351,798	(16,930)	325,156	325,156	332,483	(7,327)
Total operating appropriations	464,084	464,084	462,904	1,180	454,372	454,372	455,539	(1,167)
Less: Total unrestricted net position utilized	22,566	22,566	-	22,566	21,764	21,764	-	21,764
Net variance	\$ -	\$ -	\$ (6,820)	\$ 15,746	\$ -	\$ -	\$ 953	\$ 22,717
Reconciliation of change in net position to Statements of Net Position:								
Plus: unbudgeted GASB 68 pension credit			106,154				103,510	
Change in net position per Statements of Revenues, Expenses and Changes in Net Position			\$ 99,334				\$ 104,463	

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Plumsted,
County of Ocean, State of New Jersey)
Board of Commissioners and Management
June 30, 2020

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To the Board of Commissioners
of the Plumsted Township Municipal Utilities Authority

We have audited the financial accounts and transactions of the Plumsted Township Municipal Utilities Authority, a component unit of the Township of Plumsted, Ocean County, State of New Jersey, in the County of Ocean for the year ended June 30, 2020. In accordance with requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results of our examination did not disclose any discrepancies.

The minutes indicated that no bids were requested by public advertising or awarded by resolution in the current year.

The minutes also indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll

The examination of payroll included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its operating budget on April 15, 2019 and adopted its operating budget on June 17, 2019.

Follow-up on Prior Years' Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year findings. All prior year findings have been corrected.

Acknowledgment

We received the complete cooperation of all the Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 3, 2020
Toms River, New Jersey