

**WARWICK TOWNSHIP WATER
AND SEWER AUTHORITY**

**COMPONENT UNIT OF THE
TOWNSHIP OF WARWICK**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
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DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Warwick Township Water and Sewer Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Warwick Township Water and Sewer Authority (the Authority), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Warwick Township Water and Sewer Authority, as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Operating Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Brinker Simpson & Company, LLC
Springfield, Pennsylvania
May 23, 2022

Warwick Township Water and Sewer Authority
Component Unit of the Township of Warwick
Management's Discussion and Analysis
December 31, 2021 and 2020

This section of Warwick Township Water and Sewer Authority's, hereafter referred to as "Authority" annual financial report presents management's analysis of the Authority's financial condition for the years ended December 31, 2021 and 2020.

Financial Highlights

- In August 2017, WTWSA entered into a Cooperative Agreement with the United States Navy to design, construct and operate certain facilities to extend public water connections to six property locations with private wells that are above the United States Environmental Protection Agency (EPA) Health Advisory (HA) levels of Perflourinated Compounds known as Perfluorooctane Sulfonic Acid (PFOS) and Perfluorooctanoic Acid (PFOA). The construction of the water main extension was completed in 2020. The contract award was for \$2,157,518. To date, the Authority received Federal reimbursement in the amount of \$1,987,768. The Cooperative Agreement was recently extended by the U.S. Navy until September 30, 2023.
- Due to the COVID-19 pandemic, the Authority Board temporarily adopted a policy to waive all late fees or charges beginning April 1, 2020 through March 31, 2021. In addition, during this time, no termination of services or any collection methods were initiated by the Authority for unpaid services.
- There was a 2% water and sewer rate increase for 2021.
- For fiscal year 2021, the Authority delivered 274.3 million gallons of water and treated 278.7 million gallons of wastewater, compared to 270.0 million gallons of water and treated 289.0 million gallons of wastewater in the previous year. The Authority purchased 298.2 million gallons of water in 2021, which represented a daily average of 816,859 gallons, while 2020 purchases totaled 304.4 million gallons, an average of 834,167 gallons per day. Unaccounted for water decreased to 8.02% in 2021 from 8.95% in 2020.
- Total assets at year-end were \$36.2 million and exceeded liabilities in the amount of \$35.7 million (i.e., net position). Total assets decreased from 2020 by \$759,338 primarily due to depreciation.
- Operating revenues increased by .03% from \$3,726,712 in 2020 to \$3,727,662 in 2021, and were over budget projections by \$180,062. Water revenues by existing customers increased from 2020 to 2021 by approximately .47% and sewer revenues increased by .35%. Non-operating revenue decreased over 2020 by \$1,963,045 due to the Bristol Road Water Main Extension U.S. Navy matching funds in 2020.
- Operating expenses before depreciation for 2021 were \$2,783,970 and were \$385,630 under the budget projections. Operating expenses decreased \$316,516 or 10.21%, from the previous calendar year primarily due to the reduction in staff and reduced utility costs in 2021.
- Operating income before depreciation for the year totaled \$943,692. Operating income before depreciation increased from 2020 by \$317,466 or 50.70% due to the decrease in operating expenses in 2021.
- The Authority extended its electrical supply agreement with Constellation New Energy Corp. in December 2019. The agreement locked in electrical supply rates through December 2023, avoiding the current turbulent energy market and current spike in rates.

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- In September 2018, the Authority was awarded a PA Small Water and Sewer Program Grant in the amount of \$65,965. The grant required a 15% match from the Authority. The grant money was applied to a project to interconnect the Authorities two water systems and provide for pressure regulation. The project was completed in the Spring of 2021 and is currently under the maintenance bond.

Overview of Annual Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with the independent auditor's report at the front of this report and the Authority's audited financial statements and supplementary information, which follow this section.

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, notes explaining some of the information in the financial statements and supplementary information.

The financial statements report information about the Authority using full accrual accounting methods similar to those used by the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

The financial statements include the statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; notes to the financial statements; and supplementary information.

The **statements of net position** present the financial position of the Authority on a full accrual historical cost basis. The statements of net position present information on all the Authority's assets and liabilities, with the difference reported as net position.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the **statements of revenues, expenses and changes in net position** presents the results of the business activities over the course of the fiscal year and the amount by which the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Authority's recovery of its costs. The primary objective of a rate model is to improve financial position among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

The **statements of cash flows** report changes in cash and cash equivalents resulting from operating, capital, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

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

Supplementary information includes schedules of operating expenses and also provides statements of revenues and expenses compared to budget.

The financial statements were prepared by the Authority's staff from detailed books and records of the Authority and audited during the annual independent external audit.

Summary of Organization and Business

The Authority is a body created pursuant to an ordinance of the Board of Supervisors of Warwick Township, Bucks County, Pennsylvania under an Act of the General Assembly of the State, approved May 2, 1945, P.L. 382, as amended and supplemented, known as the Municipal Authority Act of 1945, as amended. The Secretary of the Commonwealth of Pennsylvania issued the certificate to incorporation of the Authority on May 1, 1969. The charter was amended on July 3, 1991 to extend the term of existence of the Authority to fifty (50) years from such date.

The governing body of the Authority is a Board consisting of five members appointed by the Township Board of Supervisors. It has been determined that the Authority is a component unit of Warwick Township. The terms of the members of the Board are five years and have been staggered so that the term of one member expires annually. The Authority has broad powers under the Act, including among others, the following: to acquire, hold, construct, improve, maintain and operate, own, lease, either in the capacity of lessor or lessee, sewers, sewer systems or parts thereof, sewage treatment works, including works of treating and disposing of industrial waste, water works, water supply works, water distribution systems, and all facilities necessary and incidental thereto.

The Authority employs seven (7) full time staff.

The Authority does not have taxing power; ongoing operations are funded from customer revenues. The Authority's customer connection base as of December 31, 2021 consisted of approximately 4,187 single-family residential, 7 multi-family residential and 134 commercial customer connections.

The Authority's Water and Sewer Systems

The Sewer System

The Authority currently operates two (2) separate sewage collection, conveyance and treatment systems within the Township serving two distinct watershed areas. The Fish Creek Wastewater Treatment Facility and Sewage Collection and Conveyance System (the "Fish Creek System"), located in the northern portion of the Township, discharges into Fish Creek, a small tributary of Neshaminy Creek. The Country Crossing Wastewater Treatment Facility and Sewage Collection and Conveyance System (the "Country Crossing System"), located in the southern portion of the Township, discharges into an unnamed tributary of the Little Neshaminy Creek.

Warwick Township Water and Sewer Authority
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Fish Creek Watershed Area

The Fish Creek System collects sanitary sewage from the northern portion of the Township and in the area surrounding the village of Jamison and transmits it to the Fish Creek Wastewater Treatment Facility (the "Fish Creek Plant"). The Fish Creek System collects sanitary sewage through approximately 300,000 lineal feet of eight (8) inch, ten (10) inch, and eighteen (18) inch polyvinyl chloride (PVC) and ductile iron pipe with precast concrete manhole structures. The Authority operates eight (8) raw sewage pumping stations where gravity flow to the Fish Creek plant is not possible. All of these pumping stations contain emergency generators or back-up diesel pumps. The Authority is currently adding flow meters to these pump stations as directed by the PA DEP.

The Fish Creek Plant was designed to treat an average flow of 0.85 million gallons per day (mgd) using a sequencing batch reactor activated sludge wastewater treatment facility most recently updated in 2018. The plant uses four reactors which alternately treat batches of wastewater. Disinfection is provided by an ultraviolet light system with a capacity of 5.0 mgd. A cascade aerations outfall is provided immediately prior to discharge of the treated effluent into Fish Creek, providing increased dissolved oxygen in the effluent.

Little Neshaminy Creek Watershed Area

The Country Crossing System collects sanitary sewage primarily from the Country Crossing, Woodlands at Warwick, several industrial parks and Heritage Creek residential developments, located in the southern portion of the Township. This system was originally constructed in 1996 and 1997 by a private developer under Authority supervision, and ownership was subsequently transferred to the Authority. The Country Crossing System collects sanitary sewage through approximately 60,000 lineal feet of eight (8) inch diameter PVC and ductile iron pipe with precast concrete manhole structures. Three (3) pumping stations are operated within the service area where gravity flow to the Country Crossing Wastewater Treatment Facility (the "Country Crossing Plant") is not possible.

The Country Crossing Plant uses a sequencing batch reactor secondary and tertiary treatment system consisting of four rectangular reinforced concrete reactors and an ultraviolet light disinfection system to treat up to 0.32 mgd of municipal wastewater. An on-site equalization basin is used to provide the treatment system with a steady flow of waste. Treated effluent from the Country Crossing Wastewater Treatment Facility is processed through a sand filter and discharged into an unnamed tributary of the Little Neshaminy Creek or to the Heritage Creek Golf Course for beneficial reuse in their irrigation system.

The Water System

The Authority purchases water in bulk from Aqua Pennsylvania Inc. and the North Wales Water Authority, and distributes it to residents of Warwick Township. The distribution system consists of ductile iron water mains ranging in size from four (4) to twelve (12) inch in diameter. The Authority maintains various booster stations and storage tanks throughout the Township. The Authority has terminated its docket for its wells with the DRBC and no longer utilizes the ground water sources within the Township.

Warwick Township Water and Sewer Authority
Component Unit of the Township of Warwick
Management's Discussion and Analysis
December 31, 2021 and 2020

The Authority provides reliable high-quality potable water used for drinking, fire protection and other purposes to residential and commercial customers. The Authority has a long-term agreement with Aqua PA and North Wales Water Authority to purchase 100 percent of the Townships current and future water needs at a very reasonable price. These guaranteed supply agreements insure an adequate supply of water for our customers. Rate increases from Aqua PA are generally tied to the Consumer Price Index.

The interconnection with NWWA provides a redundant supply of water for WTWSA with approximately 100,000 gallons per day on an annual average with peak demands of up to 800,000 gallons per day.

Operations of the Water and Sewer Systems

Ten Largest Water Users

<u>System User</u>	<u>Property Description</u>	<u>2021 Charges</u>
BRIDGES OF WARWICK	Senior Living	\$64,981
LIBERTY VILLAGE	Apartments	\$21,485
CAR WASH GROUP LLC	Car Wash	\$10,821
HERITAGE CREEK Bid 4	Apartments	\$10,714
WARWICK MEADOWS III CONDO	Apartments	\$8,764
BRIDGE VALLEY ELEMENTARY	School	\$8,713
CAMILLO L DIPRATO	Apartments	\$7,184
HERITAGE CREEK Bid 5	Apartments	\$6,332
HERITAGE CREEK Bid 1	Apartments	\$5,507
OUTBACK STEAKHOUSE	Restaurant	\$5,396

Ten Largest Sewer Users

<u>System User</u>	<u>Property Description</u>	<u>2021 Charges</u>
BRIDGES OF WARWICK	Senior Living	\$84,114
LIBERTY VILLAGE	Apartments	\$28,014
CAR WASH GROUP LLC	Car Wash	\$14,261
HERITAGE CREEK Bid 4	Apartments	\$14,123
WARWICK MEADOWS III CONDO	Apartments	\$11,608
BRIDGE VALLEY ELEMENTARY	School	\$11,542
CAMILLO L DIPRATO	Apartments	\$9,569
HERITAGE CREEK Bid 5	Apartments	\$8,472
HERITAGE CREEK Bid 1	Apartments	\$7,407
OUTBACK STEAKHOUSE	Restaurant	\$7,264

Warwick Township Water and Sewer Authority
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Management's Discussion and Analysis
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Financial Condition

Total assets decreased \$759,338 or 2.05% from 2020, mainly due to depreciation. Net position decreased \$465,359 in 2021 from 2020 primarily due to the reduction in tapping fees received in 2021. Unrestricted net position increased \$555,636 or 21.55% in 2021. Accounts receivable at year-end was \$68,209 less than year-end 2020 or approximately 7.09%. Due to COVID, the Authority Board temporarily adopted a policy to cease collection efforts for unpaid services beginning April 1, 2020 through March 31, 2021. On April 1, 2022, the Authority reinstated all collection procedures, resulting in a reduction in the Accounts Receivables in 2021.

Results of Operations

Operating Revenue: Revenues from operations are comprised of three general categories: water service, sewer service and other charges. Other charges include meter charges, meter installation charges, administrative fees and charges for miscellaneous billed services. The Authority has three core classes of water and sewer customers: single-family residential, multi-family residential and commercial. In addition to these three classes, the Board has approved the sale of water to commercial bulk water haulers.

The Authority's water revenue increased 0.47% and sewer revenues increased 0.35% from the previous year. Water revenue increased \$7,244 and sewer revenue increased \$7,622 from 2020.

Total operating revenue increased by \$950 from the calendar year 2020. The majority of the water and sewer sales were from residential customers, approximately 91%.

Expenses: Total operating expenses of the Authority, before depreciation, decreased \$316,516 from calendar year 2020 and were under budget by \$385,630. Operating income, before depreciation is \$943,692 for 2021 compared to \$626,226 for 2020.

Water operating expenses decreased 3.91%, sewer operating expenses decreased 17.96%, primarily due to decreases in sludge and salary costs. Administrative expenses decreased 6.28% from 2021 to 2020.

Depreciation expense for 2021 and 2020 was \$1,661,667 and \$1,593,388, respectively.

Capital Contributions: The Authority accepts additions to its collection and distribution systems from developers, commonly referred to as Developer Contributions. Prior to GASB 33 and 34 implementation, Developer Contributions were recorded as direct contributions to equity. GASB 33 and 34 define these Developer Contributions as non-operating revenues and requires reporting the amounts through the Statements of Revenues, Expenses, and Changes in Net Position.

There were no developer contributions of infrastructure for 2021. These contributions vary from year to year.

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Tapping Fees: The Authority charges all new customers a water and/or sewer tapping fee on an EDU basis for their pro-rata portion of the water and sewer facilities and report the tapping fees as non-operating income when a property goes to settlement. Residential and commercial real estate developers pay the majority of these fees in blocks upon the signing of a Developer Agreement.

Tapping fee revenues were \$173,014 for 2021 compared to \$218,298 for 2020. Tapping fees vary from year-to-year with fluctuations in development and therefore are difficult to predict.

Final Comments

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Warwick Township Water and Sewer Authority, Finance Department, P.O. Box 315, Jamison, Pennsylvania 18929.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
STATEMENTS OF NET POSITION
DECEMBER 31 2021 AND 2020**

	2021	2020
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current Assets		
Cash and cash equivalents	\$ 2,459,567	\$ 2,055,834
Accounts receivable, customers and developers	893,719	961,928
Grant receivable	9,446	80,389
Notes receivable, current maturities	13,400	26,800
Inventory	55,398	41,166
Prepaid expenses	16,190	13,574
Total Current Assets	3,447,720	3,179,691
Restricted Assets		
Cash, escrow funds - developers	143,726	136,698
Total Restricted Assets	143,726	136,698
Capital Assets		
Land and construction in progress	576,535	589,301
Plant and equipment, net of accumulated depreciation	32,041,463	33,049,692
Total Capital Assets	32,617,998	33,638,993
Notes receivable, net of current maturities	-	13,400
Total Assets	36,209,444	36,968,782
Deferred Outflows of Resources		
	-	-
Total Assets and Deferred Outflows of Resources	\$ 36,209,444	\$ 36,968,782
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current Liabilities		
Accounts payable, vendors and developers	\$ 113,683	\$ 186,161
Accounts payable, capital project	-	60,623
Accrued payroll and payroll withholdings	21,138	23,086
Accrued compensated absences	16,722	17,680
Total Current Liabilities	151,543	287,550
Restricted Liabilities		
Escrow deposits, developers	143,726	136,698
Long-Term Liabilities		
Deferred income	162,000	327,000
Total Long-Term Liabilities	162,000	327,000
Total Liabilities	457,269	751,248
Deferred Inflows of Resources		
	-	-
Net Position		
Invested in capital assets, net of related debt	32,617,998	33,638,993
Unrestricted	3,134,177	2,578,541
Total Net Position	35,752,175	36,217,534
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 36,209,444	\$ 36,968,782

See accompanying notes.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
 COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Water revenue	\$ 1,543,784	\$ 1,536,540
Sewer revenue	2,160,538	2,152,916
Administrative fees	4,095	5,021
Construction usage and certificate fees	14,650	16,850
Meter installations	4,420	14,260
Miscellaneous operating revenues	175	1,125
Total Operating Revenues	<u>3,727,662</u>	<u>3,726,712</u>
Operating Expenses		
Water plant operating expenses	1,094,719	1,139,307
Wastewater plant operating expenses	1,045,381	1,274,168
General and administrative expenses	643,870	687,011
Total Operating Expenses	<u>2,783,970</u>	<u>3,100,486</u>
Operating Income Before Depreciation	943,692	626,226
Depreciation	<u>1,661,667</u>	<u>1,593,338</u>
Operating Loss	<u>(717,975)</u>	<u>(967,112)</u>
Nonoperating Revenues		
Water tapping fees	81,800	92,299
Sewer tapping fees	91,214	125,999
Interest income	4,191	9,595
Grant revenue	75,411	1,987,768
Total Nonoperating Revenues	<u>252,616</u>	<u>2,215,661</u>
Change in Net Position	(465,359)	1,248,549
Net Position, Beginning	<u>36,217,534</u>	<u>34,968,985</u>
Net Position, Ending	<u>\$ 35,752,175</u>	<u>\$ 36,217,534</u>

See accompanying notes.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Cash received from customers and developers	\$ 3,795,871	\$ 3,692,118
Cash paid to suppliers and developers	(1,924,227)	(2,077,137)
Cash paid to employees	(944,947)	(990,990)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>926,697</u>	<u>623,991</u>
Cash Flows From Capital and Related Financing Activities		
Tapping fees received	8,014	32,398
Acquisition of capital assets	(701,295)	(1,641,836)
Grant revenue received	146,354	1,907,379
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	<u>(546,927)</u>	<u>297,941</u>
Cash Flows From Investing Activities		
Interest income received	4,191	9,595
Payments received on notes receivable	26,800	26,800
Net Cash and Cash Equivalents Provided by Investing Activities	<u>30,991</u>	<u>36,395</u>
Net Change in Cash and Cash Equivalents	410,761	958,327
Cash and Cash Equivalents, Beginning	<u>2,192,532</u>	<u>1,234,205</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,603,293</u>	<u>\$ 2,192,532</u>
Reconciliation of Operating Loss to Net Cash and Cash Equivalents Provided by Operating Activities		
Operating loss	\$ (717,975)	\$ (967,112)
Adjustments to reconcile operating loss to net cash and cash equivalents provided by operating activities:		
Depreciation	1,661,667	1,593,338
(Increase) decrease in assets:		
Accounts receivable, customers and developers	68,209	(34,594)
Inventory	(14,232)	50,352
Prepaid expenses	(2,616)	6,736
Increase (decrease) in liabilities:		
Accounts payable, vendors and developers	(72,478)	(11,290)
Escrow deposits, developers	7,028	(13,641)
Accrued payroll and payroll withholdings	(1,948)	(2,955)
Accrued compensated absences	(958)	3,157
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 926,697</u>	<u>\$ 623,991</u>

See accompanying notes.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Warwick Township Water and Sewer Authority (the Authority) is located in the County of Bucks, Pennsylvania, and was incorporated on May 1, 1969 under the Municipal Authorities Act of 1945. The Authority is a municipal corporation with a five-member board of directors. The Authority supplies water and sewer services to certain residents of the Township of Warwick (the Township).

The criteria used in determining the scope of the reporting entity for financial reporting purposes is consistent with the guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units. These criteria are:

- *Selection of the governing authority:*

The members of the Authority's Board of Directors are appointed to five-year terms by the Township supervisors. While there is continuing communication with the Township, there is little linkage to elected Township officials after appointment.

- *Designation of management:*

The Authority's management and employees, who are responsible for the Authority's operations, are appointed by, and are held accountable to, the Authority's Board of Directors.

- *Ability to significantly influence operations:*

The Authority reviews and approves all budgetary actions, signs contracts as the contracting agency, hires and controls key management personnel, and exercises control over facilities, property, and policies relating to the services provided by the Authority. The Township assumes no responsibility for the Authority's day-to-day operations.

- *Accountability for fiscal matters:*

Budgetary authority and control over collection and disbursement of funds, fiscal management, and funding deficits rests with the Authority.

Based on these criteria, the Authority is a Component Unit of the Township of Warwick. The Authority's relationship with the Township is so significant that its exclusion would render the Township's financial statements misleading, even though financial accountability to the Township is absent.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Basis of Accounting

The Authority's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accounting policies are based on generally accepted accounting principles for self-supporting governmental enterprise funds, a proprietary fund-type. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Budgetary Data

The Authority's management prepares the Authority's operating budget with input from the Finance Committee. The Authority follows these procedures in establishing the budgetary data included in the financial statements:

- A preliminary budget is presented to the Board of Directors in an October public meeting
- The operating budget includes proposed expenditures and the means of financing them
- At the November public meeting, the Board of Directors reviews the budget
- Prior to December 31st, the Authority holds a public meeting, after which the budget is adopted through passage of a resolution
- All budget revisions require the approval of the Board of Directors
- The budget lapses at the end of each year

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets separately held) with a maturity of three months or less when purchased to be cash equivalents.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
 COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Customer billings are computed from meter readings and billed quarterly based on the amount consumed in the previous quarter. All bills are due and payable within thirty days after the end of the service period covered. If not paid by the due date, the bills are considered delinquent.

No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Authority is permitted to lien the customer's property if the customer does not remit payment timely. During the year ended December 31, 2020 and through April 30, 2021, as a result of the COVID-19 pandemic, the Authority suspended initiating and processing liens for all customers with outstanding accounts.

Inventory

Inventory held by the Authority consists of materials, supplies, chemicals and water meters. Inventory is stated at cost, which is determined using the first-in, first-out method.

Capital Assets

Capital assets are stated at cost or fair market value at time of contribution to the Authority. Land and construction in progress is not depreciated. When construction projects are complete, the cost is transferred to the plant and equipment accounts. Plant additions and improvements are capitalized and depreciated. Replacements, maintenance and repairs, which do not improve or extend the life of the asset, are expensed currently. Depreciation is provided for on a straight-line basis. Depreciation expense for 2021 and 2020 totaled \$1,661,667 and \$1,593,338, respectively.

Depreciable lives of plant and equipment are estimated as follows:

<u>Asset</u>	<u>Years</u>
Plant and improvements	20 - 50
Collection lines	50
Machinery and equipment	10
Vehicles	5

The minimum capitalization threshold is an individual item with a cost of more than \$2,500 and a useful life exceeding one year.

Restricted Assets

Restricted assets include developer escrows. Developer deposits held by the Authority are to be used to pay for engineering, legal, inspection costs and administrative fees associated with the respective developers' projects. Upon receipt of the funds, the Authority records the cash and corresponding liability, and when the Authority receives invoices for expenses on behalf of the developer, it disburses the funds and reduces the liability.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Capital Contributions

Distribution and collection lines, pumping stations, wells and storage and treatment facilities constructed and installed by developers and dedicated to the Authority are recorded as capital contributions and depreciated over their estimated useful lives upon acceptance of the dedication. There were no capital contributions during the years ended December 31, 2021 and 2020. Contributed capital is recorded as income in the year of dedication to the Authority.

Deferred Income

Developers pay the Authority for tapping fees prior to the construction of distribution and collection lines. The fees are recorded as unearned revenue when received and recognized as nonoperating revenues at settlement.

Net Position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three components: invested in capital assets, stay; restricted and unrestricted.

Net position invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets.

Restricted net position consists of assets restricted for capital activity or for debt service.

Unrestricted net position consists of all other assets not included in the above categories.

For expenses that could be paid by either restricted or unrestricted resources, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 or periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Authority distinguishes between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues and Rate Structure

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

Deferred Contribution Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the Authority's employees to defer a portion of their salary until future years. Compensation deferred is not available to employees until termination, retirement, death, or unforeseeable emergency. The Authority's contributions are made each pay. The Authority matches 50% of an employee's contributions, up to 10% of their compensation. For the years ended December 31, 2021 and 2020, the Authority's matching contribution was \$27,535 and \$28,378, respectively.

Compensated Absences

Unpaid vacation and sick time are recorded as an expense in the period it is earned and considered payable from current financial resources. The Authority does not compensate unpaid sick time upon employees' termination or retirement. The estimated value of vacation time owed to employees who may be paid in subsequent years or upon termination or retirement and, therefore, payable from future resources is recorded in the current year.

NOTE 2: RESTRICTED ASSETS

At December 31, 2021 and 2020, cash and cash equivalents include \$143,726 and \$136,698, respectively, held as developer escrow funds. These funds are held by the Authority to guarantee the completion of projects by developers as required by the development agreements and to pay professional fees related to the respective projects.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
 COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3: CREDIT RISK

Cash and Cash Equivalents

Custodial credit risk - deposits: Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. Balances exceeding federal depository insurance limits are exposed to custodial credit risk. However, under Pennsylvania Act 72, all amounts in excess of insurance limits are collateralized by securities held by the pledging financial institution, but not in the Authority's name. As of December 31, 2021 and 2020, \$2,028,605 and \$1,616,674, respectively, were exposed to custodial credit risk.

A reconciliation of amounts exposed to custodial credit risk to total cash and cash equivalents held by the Authority follows:

	2021	2020
Uninsured and collateral held by the pledging bank's trust department, but not in the Authority's name	\$ 2,028,605	\$ 1,616,674
Plus: Insured amounts	644,304	637,276
Carrying Amounts - Bank Balances	2,672,909	2,253,950
Plus: Petty cash	100	100
Less: Outstanding checks	(69,716)	(61,518)
Total Cash and Cash Equivalents Per Financial Statements	\$ 2,603,293	\$ 2,192,532

Total cash and cash equivalents include:

	2021	2020
Operating accounts - unrestricted	\$ 2,459,567	\$ 2,055,834
Restricted accounts - developer escrow accounts	143,726	136,698
	\$ 2,603,293	\$ 2,192,532

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4: CAPITAL ASSETS

		2021				
		Balance at January 1, 2021	Additions	Deletions/ Retirements	Transfers	Balance at December 31, 2021
Capital Assets, not being depreciated						
Land and CIP:						
Land	\$	551,571	\$ -	\$ -	\$ -	\$ 551,571
Construction in progress (CIP)		37,730	24,964	-	(37,730)	24,964
Total Capital Assets, not being depreciated		589,301	24,964	-	(37,730)	576,535
Capital Assets, being depreciated						
Plant and Equipment:						
Plant facilities	\$	59,813,306	\$ 648,541	\$ -	\$ -	\$ 60,461,847
Plant equipment		489,004	-	-	-	489,004
Leasehold improvements		321,627	-	-	-	321,627
Furniture and equipment		188,299	4,897	(7,600)	-	185,596
Vehicles		297,751	-	-	-	297,751
Total Capital Assets, being depreciated		61,109,987	653,438	(7,600)	-	61,755,825
Accumulated depreciation		(28,060,295)	(1,661,667)	7,600	-	(29,714,362)
Total Capital Assets, being depreciated		33,049,692	(1,008,229)	-	-	32,041,463
		2020				
		Balance at January 1, 2020	Additions	Deletions/ Retirements	Transfers	Balance at December 31, 2020
Capital Assets, not being depreciated						
Land and CIP:						
Land	\$	551,571	\$ -	\$ -	\$ -	\$ 551,571
Construction in progress (CIP)		523,176	37,730	-	(523,176)	37,730
Total Capital Assets, not being depreciated		1,074,747	37,730	-	(523,176)	589,301
Capital Assets, being depreciated						
Plant and Equipment:						
Plant facilities	\$	57,663,636	\$ 1,626,494	\$ -	\$ 523,176	\$ 59,813,306
Plant equipment		489,004	-	-	-	489,004
Leasehold improvements		321,627	-	-	-	321,627
Furniture and equipment		188,299	-	-	-	188,299
Vehicles		259,516	38,235	-	-	297,751
Total Capital Assets, being depreciated		58,922,082	1,664,729	-	523,176	61,109,987
Accumulated depreciation		(26,466,957)	(1,593,338)	-	-	(28,060,295)
Total Capital Assets, being depreciated		32,455,125	71,391	-	523,176	33,049,692

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
 COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 5: NOTES RECEIVABLE

Notes receivable relate to tapping and connection fees billed to residential customers. The notes accrue interest at 6%.

Scheduled future maturities of notes receivable at December 31, 2021 are:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	\$ 13,400

NOTE 6: COMMITMENTS

Lease

The Authority leases office space from the Township under a lease extension that expires on December 31, 2023. The current monthly rent is \$4,000. Rent expense totaled \$48,000 for each of the years ended December 31, 2021 and 2020.

The future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	\$ 48,000
2023	48,000
	\$ 96,000

Construction in Progress

In August 2017, the Authority entered into a Cooperative Agreement with the United States Navy to design, construct and operate certain facilities to extend public water connections to six property locations with private wells that are above the United States Environmental Protection Agency (EPA) Health Advisory (HA) levels of Perflourinated Compounds known as Perfluorooctane Sulfonic Acid (PFOS) and Perfluorooctanoic Acid (PFOA). The construction of the water main extension was completed and closed out in 2020. The contract award was for \$2,157,518. To date, the Authority received Federal matching funds in the amount of \$1,987,768.

The Authority has completed a water main extension to provide a complete loop of the water system and to aid in the interconnection of the northern and southern water system. The project extends the line from Eddowes Road through the Moland House property to an existing connection point at York Road. Punchlist items related to final restoration and paving are currently being addressed by the contractor. The Authority received a Small Water Grant in the amount of \$65,965 to help offset the cost of the project.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 6: COMMITMENTS (continued)

Aqua Pennsylvania, Inc. - Water Supply Agreement

Effective November 1, 1998, the Authority signed a twenty-five (25) year contract with Aqua Pennsylvania, Inc. to provide water to its service area.

Aqua's current rates are \$46,092.68 for up to 600,000 gallons per day, and \$2.23 for every thousand gallons in excess of 600,000 gallons per day up to 800,000 gallons per day, and \$2.17 for every thousand gallons in excess of 800,000 gallons per day.

North Wales Water Authority - Water Supply Agreement

In November, 2011, the Authority signed a ten (10) year agreement (with a five (5) year renewal option) with the North Wales Water Authority for the supply of water to the Authority for sale to customers. The agreement has a minimum daily consumption rate of 100,000 gallons per day and a maximum of 800,000 gallons per day. In addition, the Authority is required to purchase on an annual basis an average of 200,000 gallons per day from North Wales Water Authority. The Authority is charged \$2.50 (the base rate) per thousand gallons up to 800,000 gallons per day, and 1.5 times the base rate per thousand gallons over 800,000 gallons per day for a period of 48 months, at which point the base rate will be adjusted.

NOTE 7: CONTINGENCIES

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 and natural disaster for which the Authority carries commercial insurance to cover up to certain limits.

NOTE 8: RISKS AND UNCERTAINTIES

The 2019 novel coronavirus (or "COVID-19") has adversely affected, and may continue to adversely affect, economic activity globally, nationally and locally. These economic and market conditions and other effects of the COVID-19 outbreak may continue to cause volatility. The full extent of any adverse impact of the COVID-19 outbreak on the Authority' financial statements cannot be predicted at this time.

The Authority, as part of its normal operations, will receive grants from governmental agencies. The grants received typically require the Authority to maintain documentation to support costs incurred and claimed for reimbursement. Any unspent or disqualified expenses on these awards are subject to recapture in the event of an audit from the governmental agency.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through May 23, 2022, the date on which the financial statements were available to be issued. There were no significant subsequent events to report.

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
 COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
 SCHEDULE OF OPERATING EXPENSES
 YEAR ENDED DECEMBER 31, 2021
 WITH SUMMARIZED FINANCIAL INFORMATION
 FOR YEAR ENDED DECEMBER 31, 2020**

	Water	Sewer	Administrative	2021 Total Expenses	2020 Total Expenses
Operating Expenses					
Personnel Expenses:					
Payroll	\$ 168,693	\$ 184,098	\$ 345,417	\$ 698,208	\$ 747,475
Employee benefits	38,795	40,986	83,156	162,937	151,933
Payroll taxes	14,338	12,366	26,657	53,361	63,406
Pension	6,728	4,485	16,322	27,535	28,378
Total Personnel Expenses	<u>228,554</u>	<u>241,935</u>	<u>471,552</u>	<u>942,041</u>	<u>991,192</u>
Direct Expenses:					
Contract water purchases	743,755	-	-	743,755	752,534
Sludge transportation	-	395,756	-	395,756	426,449
Utilities	20,195	182,672	-	202,867	203,242
Chemicals	-	92,119	-	92,119	126,936
Meter expense	5,542	5,542	-	11,084	38,924
System repairs and maintenance	12,095	22,672	-	34,767	127,944
Plant repairs and maintenance	-	19,192	-	19,192	43,709
Testing	3,774	14,499	-	18,273	23,409
Truck expenses	6,864	9,406	-	16,270	21,496
Operating supplies	4,969	5,752	-	10,721	16,755
Monitoring and regulating	5,140	-	-	5,140	4,799
Ground maintenance	1,628	1,990	-	3,618	3,618
Road maintenance	-	-	-	-	1,669
Uniforms	1,205	2,050	-	3,255	4,735
PA One Call	436	436	-	872	730
Permits and licenses	36,286	1,771	-	38,057	22,231
Total Direct Expenses	<u>841,889</u>	<u>753,857</u>	<u>-</u>	<u>1,595,746</u>	<u>1,819,180</u>
Administrative Expenses:					
Insurance	20,000	35,227	4,658	59,885	64,270
Legal	-	-	34,015	34,015	53,672
Auditing and accounting	-	-	16,241	16,241	14,500
Payroll service	-	-	4,389	4,389	4,170
Computer support	-	-	13,345	13,345	14,149
Office rent	-	-	48,000	48,000	48,000
Office expenses	-	-	26,339	26,339	32,654
Postage	-	-	9,073	9,073	9,735
Telephone	-	-	9,698	9,698	10,371
Meetings, seminars and conferences	-	-	333	333	228
Dues and memberships	-	-	4,946	4,946	7,733
Education and training	-	-	1,281	1,281	2,550
Engineering	4,276	14,362	-	18,638	28,082
Total Administrative Expenses	<u>24,276</u>	<u>49,589</u>	<u>172,318</u>	<u>246,183</u>	<u>290,114</u>
Total Operating Expenses	<u>\$ 1,094,719</u>	<u>\$ 1,045,381</u>	<u>\$ 643,870</u>	<u>\$ 2,783,970</u>	<u>\$ 3,100,486</u>

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
 COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
 REVENUES AND EXPENSES
 BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water revenue	\$ 1,438,200	\$ 1,543,784	\$ 105,584
Sewer revenue	2,060,400	2,160,538	100,138
Administrative fees	8,500	4,095	(4,405)
Construction usage and certificate fees	16,000	14,650	(1,350)
Meter installations	23,500	4,420	(19,080)
Miscellaneous operating revenues	1,000	175	(825)
Total Operating Revenues	<u>3,547,600</u>	<u>3,727,662</u>	<u>180,062</u>
Operating Expenses			
Water Plant Operating Expenses:			
Personnel expenses	213,000	228,554	(15,554)
Direct expenses	861,000	841,889	19,111
Administrative expenses	28,000	24,276	3,724
Total Water Plant Operating Expenses	<u>1,102,000</u>	<u>1,094,719</u>	<u>7,281</u>
Wastewater Plant Operating Expenses:			
Personnel expenses	356,500	241,935	114,565
Direct expenses	916,600	753,857	162,743
Administrative expenses	62,000	49,589	12,411
Total Wastewater Plant Operating Expenses	<u>1,335,100</u>	<u>1,045,381</u>	<u>289,719</u>
General and Administrative Expenses:			
Personnel expenses	518,000	471,552	46,448
Other	214,500	172,318	42,182
Total General and Administrative Expenses	<u>732,500</u>	<u>643,870</u>	<u>88,630</u>
Total Operating Expenses	<u>3,169,600</u>	<u>2,783,970</u>	<u>385,630</u>
Operating Income Before Depreciation	<u>378,000</u>	<u>943,692</u>	<u>565,692</u>
Depreciation	1,500,000	1,661,667	(161,667)
Operating Loss	<u>(1,122,000)</u>	<u>(717,975)</u>	<u>404,025</u>
Nonoperating Revenues			
Water tapping fees	31,500	81,800	50,300
Sewer tapping fees	37,800	91,214	53,414
Interest income	10,000	4,191	(5,809)
Grant revenue	-	75,411	75,411
Miscellaneous income	2,500	-	(2,500)
Total Nonoperating Revenues	<u>81,800</u>	<u>252,616</u>	<u>170,816</u>
Net Nonoperating Revenues	<u>81,800</u>	<u>252,616</u>	<u>170,816</u>
Change in Net Position	<u>\$ (1,040,200)</u>	<u>\$ (465,359)</u>	<u>\$ 574,841</u>

**WARWICK TOWNSHIP WATER AND SEWER AUTHORITY
 COMPONENT UNIT OF THE TOWNSHIP OF WARWICK
 REVENUES AND EXPENSES
 BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
 YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water revenue	\$ 1,410,000	\$ 1,536,540	\$ 126,540
Sewer revenue	2,020,000	2,152,916	132,916
Administrative fees	8,500	5,021	(3,479)
Construction usage and certificate fees	16,000	16,850	850
Meter installations	23,500	14,260	(9,240)
Miscellaneous operating revenues	1,000	1,125	125
Total Operating Revenues	<u>3,479,000</u>	<u>3,726,712</u>	<u>247,712</u>
Operating Expenses			
Water Plant Operating Expenses:			
Personnel expenses	173,830	238,494	(64,664)
Direct expenses	868,000	868,438	(438)
Administrative expenses	28,000	32,375	(4,375)
Total Water Plant Operating Expenses	<u>1,069,830</u>	<u>1,139,307</u>	<u>(69,477)</u>
Wastewater Plant Operating Expenses:			
Personnel expenses	269,607	267,579	2,028
Direct expenses	847,600	950,742	(103,142)
Administrative expenses	67,000	55,847	11,153
Total Wastewater Plant Operating Expenses	<u>1,184,207</u>	<u>1,274,168</u>	<u>(89,961)</u>
General and Administrative Expenses:			
Personnel expenses	486,859	485,119	1,740
Other	214,000	201,892	12,108
Total General and Administrative Expenses	<u>700,859</u>	<u>687,011</u>	<u>13,848</u>
Total Operating Expenses	<u>2,954,896</u>	<u>3,100,486</u>	<u>(145,590)</u>
Operating Income Before Depreciation	<u>524,104</u>	<u>626,226</u>	<u>102,122</u>
Depreciation	1,465,000	1,593,338	(128,338)
Operating Loss	<u>(940,896)</u>	<u>(967,112)</u>	<u>(26,216)</u>
Nonoperating Revenues			
Water tapping fees	142,100	92,299	(49,801)
Sewer tapping fees	189,000	125,999	(63,001)
Interest income	50,000	9,595	(40,405)
Grant revenue	-	1,987,768	1,987,768
Miscellaneous income	2,500	-	(2,500)
Total Nonoperating Revenues	<u>383,600</u>	<u>2,215,661</u>	<u>1,832,061</u>
Net Nonoperating Revenues	<u>383,600</u>	<u>2,215,661</u>	<u>1,832,061</u>
Change in Net Position	<u>\$ (557,296)</u>	<u>\$ 1,248,549</u>	<u>\$ 1,805,845</u>