



# **Delaware River Basin Commission**

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DELAWARE • NEW JERSEY  
PENNSYLVANIA • NEW YORK  
UNITED STATES OF AMERICA

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**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2018**

**ZELENKOFKSKE AXELROD LLC  
Jamison, Pennsylvania**

DELAWARE RIVER BASIN COMMISSION  
YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Delaware River Basin Commission

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Delaware River Basin Commission ("Commission") as of and for the year ended at June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's 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 audit. We conducted our audit 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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.



To the Commissioners  
Delaware River Basin Commission  
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### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Commission as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Adoptions of Governmental Accounting Standards Board Pronouncements**

As described in Note 1 to the financial statements, for the year ended June 30, 2018 the Commission adopted the provisions of Governmental Accounting Standards No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," the provisions of Statement No. 81, "Irrevocable Split-Interest Agreements," the provisions of Statement No. 82, "Pension Issues – An amendment of GASB Statements No. 67, No. 68 and No. 73," and the provisions of Statement No. 86, "Certain Debt Extinguishment Issues". Our opinions are not modified with respect to these matters.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balances budget and actual, schedule of the Commission's contributions pension plan, schedule of Commission's proportionate share of net pension liability, schedule of changes in net OPEB liability and related ratios, schedule of the Commission's contributions OPEB plan, and schedule of investment returns on OPEB plan on pages 4 through 9, and 44 through 50 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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. The statistical section and supplemental schedules are presented for the purposes of additional analysis and are not a required part of the financial statements.



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To the Commissioners  
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The statistical section and supplemental schedules have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania  
November 7, 2018

DELAWARE RIVER BASIN COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDING JUNE 30, 2018

**Who We Are**

The Delaware River Basin Commission was formed in 1961 by compact agreement among the United States Government and the States of Delaware, New Jersey, New York and the Commonwealth of Pennsylvania (signatory parties) for the purpose of developing and implementing plans, policies and projects relating to the water resources of the Delaware River Basin. Commission programs include water quality protection, water supply allocation, regulatory review, water conservation initiatives, watershed planning, drought management, flood loss reduction and recreation.

**Overview**

Our discussion and analysis provide an overview of the Commission's financial activities for the fiscal year ending June 30, 2018. Please read it in conjunction with the Commission's financial statements.

**Financial Highlights**

- The Commission's governmental activities net position is a deficit of \$9,117,576 as of June 30, 2018, an increase of \$4,526,514. This change was mainly the result of an accounting restatement to recognize the long-term OPEB liability in the amount of \$4,433,042. Without this restatement the deficit would have increased by \$93,472.
- The total cost of the Commission's governmental programs and projects was \$6,456,517.
- The Commission's business-type net position stands at \$19,937,785 as of June 30, 2018, an increase of \$687,374.

**Using This Annual Report**

This annual report consists of a series of financial statements. The *Statement of Net Position* (p. 10) and the *Statement of Activities* (p. 11) provide information about the activities of the Commission as a whole and present a long-term view of the Commission's finances.

*Governmental Fund* financial statements start at pages 12-14. These statements tell how governmental activities were financed in the short-term. Proprietary fund financial statements are on pages 15-17 and are reported on the full accrual basis of accounting.

**Reporting the Commission as a Whole**

The Statement of Net Position and the Statement of Activities-

One of the most important questions asked about the Commission's finances is, "Is the Commission better off or worse as a result of the year's activities?" The *Statement of Net Position* and the *Statement of Activities* report information about the Commission in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in them. You can think of the Commission's net position - the difference between assets and liabilities - as one way to measure the Commission's financial health, or financial position. Over time the increases or decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. The reader should consider other nonfinancial factors, however, such as the funding commitments of the States and Federal Government who contribute a significant portion of the funding for the Commission's governmental activities.

DELAWARE RIVER BASIN COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR FISCAL YEAR ENDING JUNE 30, 2018

All references to government-wide statements include both governmental activities and business-type activities. In the *Statement of Net Position* and the *Statement of Activities*, we divide the Commission into two kinds of activities: governmental and business-type.

- *Governmental activities*-Most of the Commission's basic services are reported here including general government and administration, Water Resource Management, Science and Water Quality Management, Water Resource Operations and special projects. The signatory parties along with project-specific grants finance most of these activities.
- *Business-type activities*-The Commission provides water storage in two federal facilities at Beltzville and Blue Marsh Lakes. The Commission has agreed to reimburse the federal government for the construction costs of these facilities. Costs associated with the operation, maintenance and debt service for these facilities as well as conservation, demand and administrative costs are reported here. The Commission has a fee structure that is applied to certain post-compact surface water users in the basin.

### **Reporting the Commission's Most Significant Funds**

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the Commission as a whole. Some funds are required to be established by generally accepted accounting principles. However, the Commission establishes some funds to help it control and manage money for particular purposes such as special projects or to show that it is meeting legal responsibilities for using certain grants and other money.

The Commission's two kinds of funds-governmental and proprietary-use different accounting approaches.

*Governmental funds*-the Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. We describe the relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds in a reconciliation schedule at the bottom of the fund financial statements.

*Proprietary funds*-the Commission levies a fee on various entities in the basin for their consumptive and non-consumptive use of surface water. These revenues are reported in the proprietary fund. Costs associated with water storage facilities, water conservation and demand activities and related administrative activities are also reported in the proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and *Statement of Activities*. In fact, the Commission's proprietary fund is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows.

### **The Commission as a Whole**

As of June 30, 2018, the net positions of the governmental and business-type activities total (\$9,117,576) and \$19,937,785 respectively. A decrease of \$93,472 in net assets resulted from governmental activities, after restatement, and an increase of \$687,374 in net assets resulted from business activities for the fiscal year ending June 30, 2018.

DELAWARE RIVER BASIN COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR FISCAL YEAR ENDING JUNE 30, 2018

Net position is classified into three categories: unrestricted, restricted and net investment in capital assets. For the year ending June 30, 2018, the governmental activities' equity invested in capital assets decreased by \$32,178. This decrease represents the difference between capitalized costs and depreciation charges during the fiscal year. General fund restricted net position stands at \$0, a decrease of \$16,879.

**Governmental Activities**

For the fiscal year ending June 30, 2018, revenues, excluding inter-fund transfers, decreased by \$140,027, approximately 3% less than the prior fiscal year. Project Review Fees were \$519,568, a decrease of \$370,172. Annual Fee revenue was \$755,896, an increase of \$406,025. The Annual Fee program commenced on January 1, 2017, resulting in only six months of recognizable revenue for fiscal 2017. Signatory Contribution revenue decreased by \$217,000. Revenue from Special Projects was \$49,566 less than the prior fiscal year.

The cost of all governmental activities this year was \$6,456,517. The portion of this cost that was paid by signatory contributions was \$1,716,500 with the balance of costs being funded by grants, fees, miscellaneous income and interfund transfers.

**Business-Type Activities**

For the fiscal year ending June 30, 2018, water sales revenues decreased \$300,364, 8.6%, to \$3,195,232. Operating expenses were \$847,476, down \$226,560 mainly due to decreased contractual services. Net operating transfers out were \$2,029,346 up \$168,906 from fiscal 2017. Non-operating revenues were \$368,964, down \$371,468 from fiscal 2017 mainly due to investment gains and income. These items are responsible for net income of \$687,374 for the fiscal year ending June 30, 2018, \$574,178 less than fiscal 2017.



DELAWARE RIVER BASIN COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR FISCAL YEAR ENDING JUNE 30, 2018

**The Commission's Funds**

For the fiscal year ending June 30, 2018 the Commission's governmental funds reported a combined total of \$3,949,644 in fund balance, a decrease of \$133,805 from fiscal 2017.

The unassigned fund balance at June 30, 2018 is \$3,588,110, an increase of \$23,127. The following table compares the components of fund balance at June 30, 2018 and June 30, 2017:

	FY18	FY17	Change
Committed for Early Retirement Liability	\$ 300,000	\$ 300,000	\$ -
Committed for Post-Employment Benefits	-	16,879	(16,879)
Assigned for Vacation and Compensatory Time	61,534	113,355	(51,821)
Assigned for Sick Pay	-	53,043	(53,043)
Assigned to Complete Special Projects	-	35,189	(35,189)
Unassigned	3,588,110	3,564,983	23,127
Total Fund Balance	<u>\$ 3,949,644</u>	<u>\$ 4,083,449</u>	<u>\$ (133,805)</u>

Special project revenues were \$1,164,090, \$49,566 less than fiscal 2017. The 106, water pollution control grant had revenues of \$621,762, \$189,361 more than fiscal 2017.

**General Fund Budgetary Highlights**

The budget for the fiscal year ending June 30, 2018 has not been amended since its original adoption. For fiscal 2018 the Commission reported a total unfavorable budget variance of \$133,805.

Notable revenue variances include an unfavorable variance of \$715,000 in federal revenue, an unfavorable variance of \$217,000 in revenue from the Commonwealth of Pennsylvania, a \$303,236 unfavorable variance in regulatory program fees and a favorable variance of \$84,877 in compliance revenue and other income.

Notable expense variances include favorable personal services and fringe benefits variances of \$303,811 and \$276,354 due to delays in filling vacancies. The favorable expense variance in building and grounds of \$452,662 is due to HVAC improvements that were not undertaken. Overall there is a favorable expense variance of \$1,026,261.

There is an unfavorable variance in transfers in of \$204,419. Transfers out were favorable by \$167,844. In total, net transfers were worse than budget by \$36,575.

**Capital Asset and Debt Administration**

**Capital Assets**

As of June 30, 2018, the Commission reported \$4,763,660 in capital assets net of depreciation. Capital assets include equipment, furniture, building, building improvements and the Commission's share of construction costs for two federal water storage facilities: Beltzville Lake and Bluemarsh Lake.

DELAWARE RIVER BASIN COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR FISCAL YEAR ENDING JUNE 30, 2018

**Debt**

As of June 30, 2018, the Commission had \$26,618,410 in long-term debt outstanding. This can be broken down into six categories:

- \$9,569,610 for loans due to the Army Corps of Engineers for construction of water storage facilities
- \$9,071,029 as a net pension liability plus \$2,942,589 in deferred inflows related to the pension liability (see footnote 7)
- \$261,872 due to the State of New Jersey for the early retirement program that was adopted September 25, 1991
- \$339,232 for employees accrued leave time
- Net OPEB Liability of \$4,416,163
- \$17,915 for equipment leases

The Government Accounting Standards Board (GASB) has issued new statements that address accounting for other post-employment benefits (OPEB), such as retiree health insurance that took effect during fiscal 2018. Accordingly, an OPEB liability of \$4,416,163 is recognized in the section above.

**Economic Conditions and Outlook**

Significant factors that have had and will continue to have an impact on the financial resources available to the Commission are the level of signatory party contributions, the liability for pension benefits and the liability for other post-employment benefits.

Signatory party contributions represent a major source of funding for the Commission's governmental activities. The 100-year compact stipulates that the five signatory parties agree to support the Commission's annual budget. The federal government adhered to this legislative obligation for 35 years, paying its fair share of the Commission's annual operating budget.

A major issue has been the elimination of the federal signatory contribution in 1997. Since then, the federal government has provided a signatory contribution to the Commission only for the federal fiscal year ending September 30, 2009. As of June 30, 2018, the cumulative federal shortfall totals \$14.3 million. For the fiscal year ending June 30, 2018 the Commission did not receive a signatory contribution from the federal government.

The Commission continues its efforts to restore and maintain federal funding.

On December 14, 2016 the Commission adopted a comprehensive revision of its regulatory program fees, including an automatic annual indexed inflation adjustment for most fees, and an annual automatic inflation adjustment for its water supply charging rates, applicable to consumptive and non-consumptive surface water withdrawals. The new program fees were effective January 1, 2017 and should provide a predictable annual revenue stream.

For projects subject to regulatory review by both the DRBC and a basin state, the Commission has established a One Process/One Permit program to provide administrative agreement for the issuance of a single approval instrument, incorporating the applicable requirements of the two authorities.

To implement the One Process/One Permit program, the Commission entered into administrative agreements with the States of New Jersey and New York in March 2015 and March 2016, respectively.

The Commission had entered into administrative agreements with the State of Delaware and the Commonwealth of Pennsylvania in May 2013 and August 1976 respectively, that are not under the One Process/One Permit program.

DELAWARE RIVER BASIN COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
FOR FISCAL YEAR ENDING JUNE 30, 2018

The Commission has promulgated draft rules and regulations associated with the development of natural gas in the Basin which, if adopted, will result in additional expenditures and revenues in future years.

The factors outlined above will pose significant challenges to the Commission in future years.

**Contacting the Commission**

The financial report is designed to provide our customers, investors, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Delaware River Basin Commission's Director of Finance and Administration, P.O. Box 7360, West Trenton, NJ 08628-0360.

DELAWARE RIVER BASIN COMMISSION  
STATEMENT OF NET POSITION  
JUNE 30, 2018  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

	Totals (Memorandum Only)			
	Governmental Activities	Business-Type Activities	June 30, 2018	June 30, 2017
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 3,783,268	\$ 1,177,067	\$ 4,960,335	\$ 4,416,663
Investments	1,997,954	24,225,079	26,223,033	25,735,928
Receivables (Net)				
Due From Other Governments	405,416	-	405,416	450,756
Interest	-	135,741	135,741	121,417
Water Supply Charges	-	750,000	750,000	855,000
Reimbursable Water Supply Storage Facility Costs	-	29,034	29,034	44,895
Other Assets	37,305	-	37,305	41,441
Capital Assets (net)	1,294,825	3,468,835	4,763,660	5,232,864
Total Assets	<u>\$ 7,518,768</u>	<u>\$ 29,785,756</u>	<u>\$ 37,304,524</u>	<u>\$ 36,898,964</u>
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual pension experiences	213,591	-	213,591	235,656
Changes in pension assumptions	1,827,500	-	1,827,500	2,624,912
Net Difference between projected and actual investment earnings on pension plan investments	61,768	-	61,768	483,186
Changes in pension proportions	341,855	-	341,855	437,613
Total Deferred Outflows of Resources	<u>\$ 2,444,714</u>	<u>\$ -</u>	<u>\$ 2,444,714</u>	<u>\$ 3,781,367</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position:</b>				
Accounts Payable	\$ 434,067	\$ 14,519	\$ 448,586	\$ 208,625
Accrued Interest	-	157,255	157,255	73,941
Employee Compensation and Benefits	9,495	-	9,495	2,735
Advances	1,311,901	-	1,311,901	1,436,457
Deferred Revenue	383,382	-	383,382	376,205
Long Term Liabilities:				
Accrued Leave Time	329,566	9,666	339,232	395,025
Early Retirement Program	164,951	96,921	261,872	329,232
Net OPEB Liability	4,416,163	-	4,416,163	-
Net Pension Liability	9,071,029	-	9,071,029	12,671,762
Lease Obligation	17,915	-	17,915	29,007
Due to US Army Corps of Engineers				
Due within one year	-	744,577	744,577	522,325
Due in more than one year	-	8,825,033	8,825,033	9,365,178
Total Liabilities	<u>16,138,469</u>	<u>9,847,971</u>	<u>25,986,440</u>	<u>25,410,492</u>
<b>Deferred Inflows of Resources</b>				
Changes in pension assumptions	1,820,800	-	1,820,800	-
Changes in pension proportions	1,121,789	-	1,121,789	610,490
Total Deferred Inflows of Resources	<u>2,942,589</u>	<u>-</u>	<u>2,942,589</u>	<u>610,490</u>
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	1,276,910	(6,100,775)	(4,823,865)	(4,683,646)
Restricted	-	-	-	16,879
Unrestricted	(10,394,486)	26,038,560	15,644,074	19,326,116
Total Net Position (Deficit)	<u>\$ (9,117,576)</u>	<u>\$ 19,937,785</u>	<u>\$ 10,820,209</u>	<u>\$ 14,659,349</u>

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

DELAWARE RIVER BASIN COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Change in Net Position			
			Charges for Services/Usage	Operating Grants and Contributions	Governmental Activities	Business-type Activities	June 30, 2018	June 30, 2017
Primary government:								
General government	\$ 2,942,273	\$ (1,846,597)	\$ -	\$ -	\$ (1,095,676)	\$ -	\$ (1,095,676)	\$ (1,529,790)
Water Resource Management	994,062	517,047	1,377,686	-	(133,423)	-	(133,423)	(290,618)
Science and Water Quality Management	754,676	387,785	-	-	(1,142,461)	-	(1,142,461)	(1,157,001)
Water Resource Operations	371,985	203,126	-	-	(575,111)	-	(575,111)	(518,178)
Special projects	1,393,521	738,639	-	1,164,090	(968,070)	-	(968,070)	(1,388,095)
Total Governmental Activities	6,456,517	-	1,377,686	1,164,090	(3,914,741)	-	(3,914,741)	(4,883,682)
Business-Type Activities:								
Water Supply Storage Facilities	1,175,513	-	3,195,232	-	-	2,019,719	2,019,719	2,021,275
Total Primary Government	<u>\$ 7,632,030</u>	<u>\$ -</u>	<u>\$ 4,572,918</u>	<u>\$ 1,164,090</u>	<u>\$ (3,914,741)</u>	<u>\$ 2,019,719</u>	<u>\$ (1,895,022)</u>	<u>\$ (2,862,407)</u>
General revenues:								
Grants and contributions not restricted to special programs					1,716,500	-	1,716,500	1,933,500
Investment earnings					43,656	697,001	740,657	1,124,146
Miscellaneous income					31,767	-	31,767	63,526
Transfers					2,029,346	(2,029,346)	-	-
Total general revenues and transfers					3,821,269	(1,332,345)	2,488,924	3,121,172
Change in net position					(93,472)	687,374	593,902	258,765
Net Position-Beginning of Year Before Restatement					(4,591,062)	19,250,411	14,659,349	14,400,584
Restatement-Change in Accounting Principle					(4,433,042)	-	(4,433,042)	-
Net Position-Beginning of Year After Restatement					(9,024,104)	19,250,411	10,226,307	14,400,584
Net Position-End of Year					<u>\$ (9,117,576)</u>	<u>\$ 19,937,785</u>	<u>\$ 10,820,209</u>	<u>\$ 14,659,349</u>

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

DELAWARE RIVER BASIN COMMISSION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

			Totals (Memorandum Only)	
	General Fund	Special Projects Fund	June 30, 2018	June 30, 2017
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,695,041	\$ 1,088,227	\$ 3,783,268	\$ 3,698,190
Investments	1,997,954	-	1,997,954	2,001,571
Accounts Receivable	97,895	307,521	405,416	450,756
Due From Other Funds	12,500	-	12,500	-
Other Assets	37,305	-	37,305	41,441
Total Assets	\$ 4,840,695	\$ 1,395,748	\$ 6,236,443	\$ 6,191,958
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 299,267	\$ 134,800	\$ 434,067	\$ 158,156
Employee Compensation and Benefits	9,495	-	9,495	2,735
Advances	78,907	1,232,994	1,311,901	1,436,457
Due To Other Funds	-	12,500	12,500	-
Deferred Revenue	383,382	-	383,382	376,205
Accrued Vacation and Sick Time	120,000	15,454	135,454	134,956
Total Liabilities	891,051	1,395,748	2,286,799	2,108,509
<b>Fund Balances:</b>				
<b>Committed:</b>				
Early Retirement	300,000	-	300,000	300,000
Retirement Benefits Fund	-	-	-	16,879
<b>Assigned:</b>				
Designated for Vacation and Compensatory Time	61,534	-	61,534	113,355
Designated for Sick Pay Retirement	-	-	-	53,043
Designated for Completion of Special Projects	-	-	-	35,189
Unassigned	3,588,110	-	3,588,110	3,564,983
Total Fund Balances	3,949,644	-	3,949,644	4,083,449
Total Liabilities and Fund Balances	\$ 4,840,695	\$ 1,395,748		
<b>Total Net Position Reported for Governmental Activities in the Statement of Net Position is Different Because:</b>				
Capital Assets used in Governmental Activities are Not Financial Resources and Therefore are Not Reported in the Funds.			1,294,825	1,338,095
Long-Term Liabilities are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds.			(376,978)	(511,721)
Difference Between Expected and Actual Experiences			213,591	235,656
Changes in Pension Assumptions			1,827,500	2,624,912
Changes in Proportion			341,855	437,613
OPEB Liability			(4,416,163)	-
Net Pension Liability			(9,071,029)	(12,671,762)
Difference Between Projected and Actual Investment Earnings			61,768	483,186
Change in Pension Assumptions			(1,820,800)	-
Change in Pension Proportions			(1,121,789)	(610,490)
Total Net Position of Governmental Activities			\$ (9,117,576)	\$ (4,591,062)

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

DELAWARE RIVER BASIN COMMISSION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2017)

	General Fund	Special Projects Fund	(Totals Memorandum Only)	
			June 30, 2018	June 30, 2017
<b>Revenues</b>				
Signatory Party Contributions:				
State of Delaware	\$ 447,000	\$ -	\$ 447,000	\$ 447,000
State of New Jersey	693,000	-	693,000	693,000
State of New York	359,500	-	359,500	359,500
Commonwealth of Pennsylvania	217,000	126,587	343,587	552,372
Federal Government United States	-	621,762	621,762	432,401
Sale of Publications	1,012	-	1,012	1,726
Regulatory Program Fees	1,275,464	-	1,275,464	1,182,934
Investment Income	43,656	-	43,656	23,429
Compliance Revenue and Other Income	132,977	415,741	548,718	781,364
Total Revenues	<u>3,169,609</u>	<u>1,164,090</u>	<u>4,333,699</u>	<u>4,473,726</u>
<b>Expenditures:</b>				
Personnel Services	2,650,389	349,442	2,999,831	3,080,695
Special and Contractual Services	331,140	755,818	1,086,958	1,127,070
Other Services	227,038	1,832	228,870	160,977
Supplies and Materials	49,222	42,916	92,138	87,504
Buildings and Grounds	220,538	19	220,557	304,624
Communications	42,595	2,440	45,035	39,603
Travel	72,273	7,689	79,962	51,155
Maintenance, Replacements, Acquisitions and Rentals	79,498	1,163	80,661	63,937
Fringe Benefits and Other Contributions	1,471,346	191,492	1,662,838	1,793,466
Total Expenditures	<u>5,144,039</u>	<u>1,352,811</u>	<u>6,496,850</u>	<u>6,709,031</u>
Excess of Expenditures Over Revenues	<u>(1,974,430)</u>	<u>(188,721)</u>	<u>(2,163,151)</u>	<u>(2,235,305)</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	2,035,781	251,001	2,286,782	2,942,275
Operating Transfers (Out)	(195,156)	(62,280)	(257,436)	(1,081,835)
Total Other Financing Sources - Net	<u>1,840,625</u>	<u>188,721</u>	<u>2,029,346</u>	<u>1,860,440</u>
Net Change in Fund Balances	(133,805)	-	(133,805)	(374,865)
Fund Balances-Beginning of Year	4,083,449	-	4,083,449	4,458,314
Fund Balances-End of Year	<u>\$ 3,949,644</u>	<u>\$ -</u>	<u>\$ 3,949,644</u>	<u>\$ 4,083,449</u>

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

DELAWARE RIVER BASIN COMMISSION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	2018	2017
Net Change in Fund Balances - Governmental Funds	\$ (133,805)	\$ (374,865)
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is amortized over their estimated useful lives and reported as depreciation expense. This is the amount by which purchases of capital assets of \$90,715 exceeds depreciation \$133,985 in the current period.</p>	(43,270)	315
<p>Repayments on a capital lease liability that are not reported in the Statement of Activities.</p>	11,092	11,089
<p>Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>	56,292	58,506
<p>Repayment of the liability for early retirement is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>	67,360	58,867
Effect of pension and OPEB adjustments	(51,141)	(756,699)
Changes in Net Position of Governmental Activities	\$ (93,472)	\$ (1,002,787)

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



DELAWARE RIVER BASIN COMMISSION  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2018  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

	Business-Type Activities		Totals	
	Enterprise Fund	(Memorandum Only)		
	Water Supply Storage Facilities	June 30 2018	June 30, 2017	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 1,177,067	\$ 1,177,067	\$ 718,473	
Investments	24,225,079	24,225,079	23,734,357	
Interest Receivable	135,741	135,741	121,417	
Water Supply Charges Receivables (Net)	750,000	750,000	855,000	
Reimbursable Water Supply Storage Facility Costs	29,034	29,034	44,895	
<b>Total Current Assets</b>	<b>26,316,921</b>	<b>26,316,921</b>	<b>25,474,142</b>	
<b>Noncurrent Assets:</b>				
Land, Building and Improvements (Net)	3,465,441	3,465,441	3,886,927	
Furniture and Equipment (Net)	3,394	3,394	7,842	
<b>Total Noncurrent Assets</b>	<b>3,468,835</b>	<b>3,468,835</b>	<b>3,894,769</b>	
<b>Total Assets</b>	<b>\$ 29,785,756</b>	<b>\$ 29,785,756</b>	<b>\$ 29,368,911</b>	
<b>Liabilities and Net Position</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 14,519	\$ 14,519	\$ 50,469	
Accrued Interest	157,255	157,255	73,941	
Due to US Army Corps of Engineers	744,577	744,577	522,325	
<b>Total Current Liabilities</b>	<b>916,351</b>	<b>916,351</b>	<b>646,735</b>	
<b>Noncurrent Liabilities:</b>				
Accrued Vacation and Sick Time	9,666	9,666	9,666	
Early Retirement Program	96,921	96,921	96,921	
Due to US Army Corps of Engineers	8,825,033	8,825,033	9,365,178	
<b>Total Noncurrent Liabilities</b>	<b>8,931,620</b>	<b>8,931,620</b>	<b>9,471,765</b>	
<b>Total Liabilities</b>	<b>9,847,971</b>	<b>9,847,971</b>	<b>10,118,500</b>	
<b>Net Position</b>				
Net Investment in Capital Assets	(6,100,775)	(6,100,775)	(5,992,734)	
Unrestricted	26,038,560	26,038,560	25,243,145	
<b>Total Net Position</b>	<b>19,937,785</b>	<b>19,937,785</b>	<b>19,250,411</b>	
<b>Total Liabilities and Net Position</b>	<b>\$ 29,785,756</b>	<b>\$ 29,785,756</b>	<b>\$ 29,368,911</b>	

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

DELAWARE RIVER BASIN COMMISSION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2017)

	Business-Type	Totals	
	Activities	(Memorandum Only)	
	Enterprise Fund	June 30,	June 30,
	Water Supply Storage Facility	2018	2017
Operating Revenue:			
Charges for Services:			
Water Supply Charges	\$ 3,195,232	\$ 3,195,232	\$ 3,495,596
Total Operating Revenue	<u>3,195,232</u>	<u>3,195,232</u>	<u>3,495,596</u>
Operating Expenses:			
Special and Contractual Services	421,542	421,542	675,288
Depreciation	425,934	425,934	438,748
Total Operating Expenses	<u>847,476</u>	<u>847,476</u>	<u>1,114,036</u>
Operating Income:	<u>2,347,756</u>	<u>2,347,756</u>	<u>2,381,560</u>
Nonoperating Revenues (Expenses):			
Interest Income	573,567	573,567	543,891
Realized Gain on Sales of Investments	113,933	113,933	310,553
Net Increase in Fair Value of Investments	9,501	9,501	246,273
Interest Expense	(328,037)	(328,037)	(360,285)
Total Nonoperating Revenues	<u>368,964</u>	<u>368,964</u>	<u>740,432</u>
Net Income Before Operating Transfers	2,716,720	2,716,720	3,121,992
Net Operating Transfers (Out)	<u>(2,029,346)</u>	<u>(2,029,346)</u>	<u>(1,860,440)</u>
Change in Net Position	687,374	687,374	1,261,552
Total Net Position - Beginning of Year	19,250,411	19,250,411	17,988,859
Total Net Position - End of Year	<u>\$ 19,937,785</u>	<u>\$ 19,937,785</u>	<u>\$ 19,250,411</u>

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

DELAWARE RIVER BASIN COMMISSION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2017)

	Business-Type Activities <u>Enterprise Fund</u>	Totals (Memorandum Only)	
	Water Supply Storage Facilities	June 30, 2018	June 30, 2017
Cash Flows From Operating Activities:			
Cash Received from Water Supply Charges	\$ 3,299,532	\$ 3,299,532	\$ 3,479,596
Payments to Vendors and Suppliers	(457,492)	(457,492)	(1,016,222)
Net Cash Provided by Operations	<u>2,842,040</u>	<u>2,842,040</u>	<u>2,463,374</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers to Other Funds	(2,029,346)	(2,029,346)	(1,860,440)
Net Cash Used in Noncapital Financing Activities	<u>(2,029,346)</u>	<u>(2,029,346)</u>	<u>(1,860,440)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	-	-	(5,147)
Interest Paid	(244,723)	(244,723)	(463,744)
Principal Received	15,861	15,861	15,330
Principal Paid	(317,893)	(317,893)	(695,923)
Net Cash Used in Capital and Related Financing Activities	<u>(546,755)</u>	<u>(546,755)</u>	<u>(1,149,484)</u>
Cash Flows from Investing Activities:			
Interest Received	559,242	559,242	534,264
Sale (Purchase) of Investments, Net	(366,587)	(366,587)	(686,689)
Net Cash Provided by (Used in) Investing Activities	<u>192,655</u>	<u>192,655</u>	<u>(152,425)</u>
Net Increase/( Decrease) in Cash and Cash Equivalents	458,594	458,594	(698,975)
Cash and Cash Equivalents-Beginning of Year	718,473	718,473	1,417,448
Cash and Cash Equivalents-End of Year	<u>\$ 1,177,067</u>	<u>\$ 1,177,067</u>	<u>\$ 718,473</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 2,347,756	\$ 2,347,756	\$ 2,381,560
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Net Amortization	425,934	425,934	438,748
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	105,000	105,000	(16,000)
(Decrease) in Accounts Payable	(36,650)	(36,650)	(340,934)
Total Adjustments	<u>494,284</u>	<u>494,284</u>	<u>81,814</u>
Net Cash Provided by Operating Activities	<u>\$ 2,842,040</u>	<u>\$ 2,842,040</u>	<u>\$ 2,463,374</u>

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

DELAWARE RIVER BASIN COMMISSION  
 STATEMENTS OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 JUNE 30, 2018  
 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

	OPEB Trust Fund	
	June 30, 2018	June 30, 2017
Assets		
Investments	\$ 3,138,778	\$ 2,824,031
Accounts Receivable	11,076	-
Total Assets	\$ 3,149,854	\$ 2,824,031
Net Position Held in trust for OPEB Health Benefits	\$ 3,149,854	\$ 2,824,031

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

DELAWARE RIVER BASIN COMMISSION  
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE YEAR JUNE 30, 2018  
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	OPEB Trust Fund	
	June 30, 2018	June 30, 2017
Additions		
Investment Income	\$ 211,953	\$ 293,884
Employer Contributions	113,870	194,400
Total Additions	\$ 325,823	\$ 488,284
Net Increase/(Decrease)	325,823	488,284
Net Position Held in trust for OPEB health benefits		
Beginning of Year	2,824,031	2,335,747
End of Year	\$ 3,149,854	\$ 2,824,031

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

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

Nature of Entity

The Delaware River Basin Commission (the "Commission") was formed in 1961 by agreement among the U.S. Government and the States of Delaware, New Jersey, New York, and the Commonwealth of Pennsylvania, for the purpose of developing and implementing plans, policies, and projects relating to the water resources of the Delaware River Basin.

The accompanying financial statements present the financial position of the Commission, the results of operations of the Commission and the various funds and fund types, and the cash flows of the proprietary fund. The financial statements are presented as of June 30, 2018 and for the year then ended.

A) Reporting Entity

Government accounting principles require the financial reporting entity to include the primary government, organizations for which the primary government is financially accountable and other organizations, for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, the Commission has no component units and the reporting entity is composed solely of the primary government.

B) Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., statement of net position, and the statement of activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by signatory and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are financed by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Signatory revenues and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental fund, the proprietary fund, and the fiduciary fund. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Entity (Continued)

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 365 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred except debt service and net pension liability, as under accrual accounting. Signatory revenues, operating grants, capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the Commission receives cash.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt issuance are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Commission reports the following governmental funds:

- The General Fund is the primary government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from signatory revenues, state and federal grants, and fees for services. Many of the basic activities of the Commission are accounted for in this fund, including the daily operations of the Commission.
- The Special Projects Fund is used to account for specific revenue sources related to the provisions imposed by outside agencies or the Commission for services that are restricted to expenditures for those specified purposes.

The Commission's Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary fund is presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

The Commission's OPEB Trust Fund is a fiduciary fund. The fiduciary fund is used to account for assets held by the Commission as trustee for and on behalf of individuals. The fiduciary fund consists of the Commission's OPEB plan for its employees. The Commission excludes these activities from the government-wide financial statements because those assets cannot be used to finance operations.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.



DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Commission has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989 for business-type activities and enterprise funds.

The Commission reports the following major proprietary fund:

- The Water Supply Storage Facilities Fund is used to account for the operations of the Water Storage Facility that is financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

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

The financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

D) Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

The Commission considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

· Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "inter-fund receivable/payable."

DELAWARE RIVER BASIN COMMISSION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position (Continued)

3. Investments

Investments are reported at fair value based on quoted market prices.

4. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Property, plant and equipment and infrastructure with initial, individual costs that equal or exceed \$500 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlay of capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following intended useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	40 to 60
Machinery and Equipment	3 to 20
Water Supply Storage Facilities	50

5. Allowance for Doubtful Accounts

Accounts receivable have been reported net of an allowance for doubtful accounts.

6. Accrued Vacation and Sick Time

The Commission had a liability of \$339,232 representing vacation and sick time earned by employees as of June 30, 2018. Of this amount, \$329,566 is reported as a liability of Governmental activities and \$9,666 is shown as a liability of Business-Type activities. In the government funds – balance sheet, liabilities of \$120,000 and \$15,454 were reflected in the General Fund and Special Projects Fund, respectively. There is also designated fund balance of \$61,534 for paid leave in the General Fund. In the Proprietary Fund Type Statements of Net Position, a liability of \$9,666 is reflected for its portion of accrued vacation and sick time.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position (Continued)

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

8. Advances

Advances reported in government-wide financial statements represent unearned revenues. The advances will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Advances reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as advances. The Commission deems revenue received within 365 days of the year end to be available.

9. Net Position/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net position presentation, classified as follows:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the Commission, not restricted for any project or other purpose.

The Commission has established a policy of classifying fund balances in accordance with GASB No. 54 as follows:

- *Committed Fund Balance* – amounts constrained to specific purposes by the Commission itself, using the highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the highest level action to remove or change the constraint. Presently amounts are committed for early retirement liabilities.
- *Assigned Fund Balance* – amounts the Commission intends to use for a specific purpose. Presently amounts are assigned for compensatory time and vacation compensation.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position (Continued)

9. Net Position/Fund Balances (Continued)

- Unassigned Fund Balance – amounts that are available for any purpose. These amounts are reported only in the general fund.

Management of the Commission has the authority to express intended use of resources in the assignment of fund balance, whereas a Commission resolution is required to express intended use of resources that results in a commitment of fund balance.

10. Interfund Transactions

Quasi external transactions are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi external transactions and reimbursements, are recorded as transfers.

11. Deferred Inflows/Outflows of Resources

The Statement of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then.

Deferred outflows and inflows of resources related to pensions are described further in Note 7. The components of deferred outflows of resources are amortized into pension expense over a 6.44 year closed period, which reflects the weighted average remaining service life of all State of New Jersey Public Employees' Retirement System (PERS) members beginning the year in which the deferred amount occurs (current year). The components of deferred inflows, are amortized over a five-year closed period beginning the year in which the difference occurs (current year).

12. Pensions

For purposes of measuring 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 PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position (Continued)

13. OPEB

For purposes of measuring net OPEB liability and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from fiduciary net position have been determined based on an actuarial valuation. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

14. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

15. Adoption of Governmental Accounting Standards Board (GASB) Statements

The Commission adopted the provisions of GASB's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

The Commission adopted the provisions of GASB's Statement No. 81, "Irrevocable Split-Interest Agreements."

The Commission adopted the provisions of GASB's Statement No. 82, "Pension Issues – An amendment of GASB Statements No. 67, No. 68 and No. 73."

The Commission adopted the provisions of GASB's Statement No. 86, "Certain Debt Extinguishment Issues."

The adoption of GASB Statement No. 75 resulted in modification of Note 8 of the financial statements and the addition of three schedules that are included as required supplementary information in the financial statements. The adoption of the remaining GASB Statements did not result in modification of previously reported amounts.

16. Pending Governmental Accounting Standards Board (GASB) Statements

In November of 2016, the Government Accounting Standards Board issued Statement No. 83 "Certain Asset Retirement Obligations". The Commission is required to adopt Statement No. 83 for its fiscal year 2019 financial statements.

In January 2017, the Government Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The Commission is required to adopt Statement No. 84 for its fiscal year 2019 financial statements.

In March 2017, the Government Accounting Standards Board issued Statement No. 85, "Omnibus 2017". The Commission is required to adopt Statement No. 85 for its fiscal year 2019 financial statements.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Assets, Liabilities, and Net Position (Continued)

16. Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

In June 2017, the Government Accounting Standards Board issued Statement No. 87, "Leases". The Commission is required to adopt Statement No. 87 for its fiscal year 2021 financial statements.

In April 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". The Commission is required to adopt Statement No. 88 for its fiscal year 2019 statements.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". The Commission is required to adopt Statement No. 88 for its fiscal year 2019 statements.

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61". The Commission is required to adopt Statement No. 88 for its fiscal year 2020 statements.

The Commission has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: BUDGETS

The Commission's funds are under formal budgetary control as required by management of the Commission. The budget reflected in the financial statements was prepared generally on the same basis used to account for actual results and consists of those amounts contained in the formal budget, as approved and amended by the Delaware River Basin Board of Commissioners.

NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Commission has a written investment policy for the General Fund, Special Projects Fund and the Water Supply Storage Facilities Fund and Integral Part Trust (for OPEBs). The policy provides guidance on the scope, general objectives, standards of care, safekeeping and custody, suitable and authorized investments, investment parameters, reporting and policy considerations, prohibited types of transactions and collateralization.

The policy provides for the General and Special Projects Funds the following authorized investments:

- A) U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value:
- B) Certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1 or D-1);
- C) Investment grade obligations of the Compact Signatories:

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

D) Local government investment pools, either state administered or administered through joint power statutes and other intergovernmental agreement legislation.

The policy provides for the Water Supply Storage Facilities Fund that the target asset allocation will be 30% (+/-5%) allocated to equities and 70% (+/-5%) to fixed income securities and money market investments and that the portfolio should be rebalanced to fall within the investment target at a minimum of every six (6) months.

Additionally, the Commissioners have authorized the Executive Director to utilize the services of professional asset managers. The Commission has retained the firms of Sterling Advisors and Wilmington Trust Investment Management, LLC. These firms are currently managing the assets of the Water Supply Storage Facilities Fund that are in the Commission's name and in the custody of Susquehanna Trust & Investment Company and Wilmington Trust Company respectively, consistent with the Commission's investment policy.

The following table shows the cash and investments of the Commission as of June 30, 2018 at fair market value:

	General Fund	Special Projects Fund	Water Supply Storage Facilities Fund	OPEB Trust Fund	Totals
Cash and Cash Equivalents:					
Cash on Hand	\$ 400	\$ -	\$ -	\$ -	\$ 400
Cash - Wells Fargo Bank	414,386	42,407	547,114	-	1,003,907
Cash Equivalents - New Jersey Cash Management Fund	2,280,255	1,045,820	6,386	-	3,332,461
Cash Equivalents - Branch Bank & Trust Company	-	-	414,443	-	414,443
Cash Equivalents - Wilmington Trust Company	-	-	209,124	-	209,124
Total Cash and Cash Equivalents	<u>\$2,695,041</u>	<u>\$ 1,088,227</u>	<u>\$ 1,177,067</u>	<u>\$ -</u>	<u>\$ 4,960,335</u>
Investments:					
Federal Obligations - Wells Fargo Investments	\$ 1,997,954	\$ -	\$ -	\$ -	\$ 1,997,954
Federal Obligations - Branch Bank & Trust Company	-	-	956,365	-	956,365
Corporate Obligations - Branch Bank & Trust Company	-	-	5,920,826	-	5,920,826
Municipal Obligations - Branch Bank & Trust Company	-	-	1,202,181	-	1,202,181
Equities - Branch Bank & Trust Company	-	-	3,781,580	-	3,781,580
Subtotal Branch Bank & Trust Company	-	-	11,860,952	-	11,860,952
Federal Obligations - Wilmington Trust Company	-	-	4,370,319	-	4,370,319
Corporate Obligations - Wilmington Trust Company	-	-	3,462,728	-	3,462,728
Equities - Wilmington Trust Company	-	-	4,531,080	-	4,531,080
Subtotal Wilmington Trust Company	-	-	12,364,127	-	12,364,127
Government Securities- Vantagepoint OPEB Trust	-	-	-	1,255,511	1,255,511
Equities - Vantagepoint OPEB Trust	-	-	-	1,883,267	1,883,267
Subtotal Vantagepoint OPEB Trust	-	-	-	3,138,778	3,138,778
Total Investments	<u>1,997,954</u>	<u>-</u>	<u>24,225,079</u>	<u>3,138,778</u>	<u>29,361,811</u>
Total Cash, Cash Equivalents and Investments	<u>\$4,692,995</u>	<u>\$ 1,088,227</u>	<u>\$ 25,402,146</u>	<u>\$3,138,778</u>	<u>\$34,322,146</u>

Cash held at Wells Fargo Bank was in the name of the Commission and secured by a tri-party collateralization agreement. The collateral is held by the Bank of New York and is not in the Commission's name.

The New Jersey Cash Management Fund is a pooled fund managed by the State of New Jersey, and is neither insured by a third party or collateralized.

Branch Bank & Trust Company cash equivalents are invested in a short-term Federal Government obligations fund.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Wilmington Trust Company cash equivalents are invested in a short-term fund comprised of both federal and corporate securities of the highest rating.

The following table shows the fair value of federal, state, municipal and corporate obligations held by maturity range of June 30, 2018:

	Municipal Obligations	Corporate Obligations	Federal Obligations	Total
Maturity:				
Less than 1 year	\$ 197,360	\$ 1,123,341	\$ 445,332	\$ 1,766,033
1 to 5 years	1,004,821	5,576,904	2,718,251	9,299,976
5 to 10 years	-	2,683,309	2,163,101	4,846,410
10 to 15 years	-	-	-	-
Totals	<u>\$ 1,202,181</u>	<u>\$ 9,383,554</u>	<u>\$ 5,326,684</u>	<u>\$ 15,912,419</u>

The following table displays the fair value of corporate obligations, by Standard & Poor rating as of June 30, 2018:

Corporate Obligations		
A1	\$1,644,938	17.53%
A2	1,525,135	16.25%
A3	1,856,479	19.78%
AAA	38,991	0.42%
AA1	570,522	6.08%
AA2	29,199	0.31%
AA3	173,920	1.85%
BAA1	1,935,530	20.63%
BAA2	1,238,615	13.20%
BAA3	177,159	1.89%
BA1	<u>193,066</u>	<u>2.06%</u>
Totals	<u>\$9,383,554</u>	<u>100.00%</u>

Equity Investments held by Branch Bank & Trust Company (for the Commission's account with Sterling Advisors), Wilmington Trust Company (for the Commission's account with Wilmington Trust Investment Management Company, LLC) and ICMA RC are unsecured and subject to market risk.

Investment Interest Rate Risks – Interest rate risk is the risk that the value of the Commission's Investments in debt obligations will decline due to changes in interest rates. The Commission's investment policy seeks to minimize interest rate risk by:

- a) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- b) Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investments pools.



DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized. The Commission's investment policy seeks to minimize custodial credit risk by:

- a) Limiting investments to the safest types of securities.
- b) Pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisers with which the Commission will do business.
- c) Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The Commission maintains several bank accounts at Wells Fargo Bank. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Additionally, these accounts are secured by a \$2,000,000 tri-party collateralization agreement. At no time during the year did the combined total of all bank accounts held at Wells Fargo Bank exceed the sum total of the FDIC insurance required collateralization.

Concentration of Credit Risk – The Commission's investment policy seeks to limit the concentration of credit risk through diversification by:

- a) Limiting investments to avoid over-concentration in securities from a specific issuer (excluding U.S. Treasury securities).
- b) Limiting investment in securities that have high credit risks.

As of June 30, 2018, the Commission does not have an investment in any one issuer that represents 5% or more of its net assets, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pool and other pooled investments.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 4: CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1	\$ -	\$ -	\$ 1
Total Capital Assets Not Being Depreciated:	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Capital Assets Being Depreciated:				
Building & Improvements	\$ 2,402,294	\$ 30,907	\$ -	\$ 2,433,201
Furniture & Equipment	1,508,379	59,807	-	1,568,186
Total Capital Assets Being Depreciated	<u>3,910,673</u>	<u>90,714</u>	<u>-</u>	<u>4,001,387</u>
Less: Accumulated Depreciation for:				
Building & Improvements	(1,301,732)	(66,651)	-	(1,368,383)
Furniture & Equipment	(1,270,846)	(67,334)	-	(1,338,180)
Total Accumulated Depreciation	<u>(2,572,578)</u>	<u>(133,985)</u>	<u>-</u>	<u>(2,706,563)</u>
Total Capital Assets Being Depreciated, Net	<u>1,338,095</u>	<u>(43,271)</u>	<u>-</u>	<u>1,294,824</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,338,096</u>	<u>\$ (43,271)</u>	<u>\$ -</u>	<u>\$ 1,294,825</u>
Water Supply Storage Facilities:				
Capital Assets Being Depreciated:				
Water Supply Storage Facilities	\$21,074,316	\$ -	\$ -	\$21,074,316
Furniture & Equipment	153,015	-	-	153,015
Total Capital Assets Being Depreciated	<u>21,227,331</u>	<u>-</u>	<u>-</u>	<u>21,227,331</u>
Less: Accumulated Depreciation for:				
Water Supply Storage Facilities	(17,187,389)	(421,486)	-	(17,608,875)
Furniture & Equipment	(145,173)	(4,448)	-	(149,621)
Total Accumulated Depreciation	<u>(17,332,562)</u>	<u>(425,934)</u>	<u>-</u>	<u>(17,758,496)</u>
Business-Type Capital Assets Being Depreciated Net	<u>\$ 3,894,769</u>	<u>\$ (425,934)</u>	<u>\$ -</u>	<u>\$ 3,468,835</u>

Depreciation expense was charged to functions/programs of the Commission as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
General Government	\$ 2,269,954	\$ 93,276	\$ -	\$ 2,363,230
Special Projects	302,625	40,719	-	343,344
Total Depreciation Expense - Governmental Activities	<u>2,572,579</u>	<u>133,995</u>	<u>-</u>	<u>2,706,574</u>
Business-Type Activities:				
Water Supply Storage Facilities	17,332,562	425,934	-	17,758,496
Total Depreciation Expense - Business-Type Activities	<u>\$17,332,562</u>	<u>\$ 425,934</u>	<u>\$ -</u>	<u>\$17,758,496</u>

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 5: REIMBURSABLE WATER SUPPLY STORAGE FACILITY COSTS

The financial statements reflect a receivable from Western Berks Water Authority for construction costs financed by the Commission for a specific outlet pipe in the Blue Marsh Water Supply Storage Project. Principal and interest payments are due quarterly in the amount of \$4,353.80 in January, April, July, and October at an interest rate of 3.463%. Repayment terms as of June 30, 2018, require the following principal and interest payments:

Fiscal Years Ending June 30	Principal	Interest	Total
2019	\$ 16,410	\$ 1,005	\$ 17,415
2020	12,624	438	13,062
Total	\$ 29,034	\$ 1,443	\$ 30,477

NOTE 6: LONG-TERM LIABILITIES

Amount Due to U.S. Army Corps of Engineers

The Commission has agreed to reimburse the U.S. Army Corps of Engineers for costs related to the construction of the water supply storage facilities at the Beltzville and Blue Marsh Water Supply Storage projects. Repayment of the Beltzville project's cost requires annual payments of \$253,499 continuing through 2030. Repayment of the Blue Marsh Project requires annual payments of \$607,643 through 2028, and thereafter \$309,118 annually through 2038. These payments include interest at an average rate of approximately 3%. Interest expense is recognized over the terms of the obligations. The Commission is responsible for a yearly pro rata share of operational, maintenance, and replacement costs of these projects. Interest expense for the year ended June 30, 2018 was \$328,037. Water supply charges revenue and interest income are used to pay operating expenses and debt service.

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

A summary of changes in long-term liability obligations is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Other Liabilities					
Compensated Absences	\$ 385,359	\$ -	\$ (55,793)	\$ 329,566	\$ 120,000
Early Retirement	232,311	-	(67,360)	164,951	92,821
Total Other Liabilities	617,670	-	(123,153)	494,517	212,821
Governmental Activities Long-Term Liabilities	\$ 617,670	\$ -	\$ (123,153)	\$ 494,517	\$ 212,821
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Bonds and Notes Payable:					
Due to Army Corps of Engineers	\$ 9,887,503	\$ -	\$ (317,893)	\$ 9,569,610	\$ 744,577
Total Bonds and Notes Payable	9,887,503	-	(317,893)	9,569,610	744,577
Other Liabilities:					
Compensated Absences	9,666	-	-	9,666	-
Early Retirement	96,921	-	-	96,921	-
Total Other Liabilities	106,587	-	-	106,587	-
Business-Type Activities Long-Term Liabilities	\$ 9,994,090	\$ -	\$ (317,893)	\$ 9,676,197	\$ 744,577

An analysis of debt service requirements to maturity on the Bonds and Notes Payable is as follows:

Fiscal Years Ending June 30	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2019	\$ 744,577	\$ 415,091	\$ 1,159,668
2020	558,577	302,565	861,142
2021	577,638	283,505	861,143
2022	597,350	263,793	861,143
2023	617,735	243,407	861,142
2024 - 2028	3,419,675	886,014	4,305,689
2029 - 2033	1,658,454	394,133	2,052,587
2034 - 2038	1,395,604	149,984	1,545,588
	<u>\$ 9,569,610</u>	<u>\$ 2,938,492</u>	<u>\$ 12,508,102</u>

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 7: EMPLOYEE RETIREMENT PLAN

**General Information about the Pension Plan**

The Commission participates in the State of New Jersey Public Employees' Retirement System (PERS), a cost-sharing, multi-employer, contributory, defined-benefit plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Pension vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits described in note 8.

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.

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. 1994, and Chapter 115, P.L. 1997, and requires contributions by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation.

During the fiscal year ended June 30, 2018 members contributed at a uniform rate of 7.27% of base salary; member contributions will continue to increase each year on July 1 until the final increase on July 1, 2018 when a contribution rate of 7.5% is reached.

Employer contributions are actuarially determined by PERS. The Commission's contribution requirements for the years ended June 30, 2018, 2017, and 2016 were \$360,993, \$380,098 and \$344,752, respectively.

Contact information for PERS is as follows:

State of New Jersey  
Department of the Treasury  
Division of Pensions & Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
(609) 292-7524

DELAWARE RIVER BASIN COMMISSION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

NOTE 7: EMPLOYEE RETIREMENT PLAN (CONTINUED)

**Benefits Provided**

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

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

At June 30, 2018, the Commission reported a liability of \$9,071,029 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The Commission's proportion of the net pension liability was based on the ratio of the Commission's contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At the June 30, 2017 measurement date, the Commission's proportion was .0389675787%, which was a decrease of .0038176657% from the previous year. At June 30, 2018, the Commission reported deferred outflows of pension resources of \$1,827,500 from changes in assumptions, \$61,768 in net difference between projected and actual investment earnings, \$341,855 from changes in proportions and \$213,591 of differences between expected and actual experience that will be amortized over 6.44 years. Deferred inflows of \$1,121,789 from changes in proportion and \$1,820,800 from changes in pension assumptions will be amortized over 5 years.

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary increases:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment rate of return	7.00%

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 7: EMPLOYEE RETIREMENT PLAN (CONTINUED)

Mortality rates were based on the RP-2000 Employee Preretirement Mortality Tables (setback 4 years for males and females) with adjustments for mortality improvements from the base year of 2013 Combined MP-2014 projection scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**Long-Term Expected Rate of Return**

In accordance with the New Jersey State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the NJ Directors of the Division of Investments and NJ Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.73%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal 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 made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on these assumptions, the plan's fiduciary net position was projected to be available to make future benefit payments through 2040. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

DELAWARE RIVER BASIN COMMISSION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

NOTE 7: EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

The following represents the Commission's pro-rata share of the net pension liability as of June 30, 2017 and 2016 measurement dates, respectively, calculated using the discount rate described above as well as what the pro-rata share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower, or 1 percentage point higher than the current rate:

	<u>At 1% decrease</u> (4.00%)	<u>At Current</u> <u>Discount Rate</u> (5.00%)	<u>At 1% Increase</u> (6.00%)
June 30, 2017	\$ 8,980,319	\$ 9,071,029	\$ 9,161,739
June 30, 2016	\$ 12,545,044	\$ 12,671,762	\$ 12,798,480

NOTE 8: RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 7, the Commission provides retirement health care benefits in accordance with its policies and procedures to all employees with 25 or more years of service in PERS who retire from the Commission, employees who attain the age of 62 with 15 years of service and employees who retire on disability pensions. On July 20, 2005, the Commission adopted provisions of N.J.S.A.52:14-17.38 (Resolution 2005-14) under which public employers may agree to pay for State Health Benefit Programs coverage of certain retirees. Consistent with this provision, the Commission established classes of employees whose benefits will vary based on date of hire and years of credited service in PERS, as well as with the Commission. The adoption of these new provisions will have no impact on the benefits provided to retirees currently receiving said benefits or employees who earned benefits as provided for under the former rules prior to January 1, 2006.

On June 30, 2017 Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	25
Active plan members	<u>36</u>
Total	<u><u>61</u></u>

On June 28, 2011, New Jersey Chapter 78, P.L. 2011 became effective. The law had no material effect on retirement health care benefits in the current year but impacted subsequent years, requiring employees to fund a portion of their health insurance premiums.

In July 2008 the Commission adopted a resolution for the minutes authorizing the procurement of actuarial services for the purpose of evaluating the cost of retirement health benefits of present and future retirees. Brown & Brown Consulting was hired to perform these services and in September 2008, issued the first actuarial valuation for the Commission's retiree health benefits program.

In 2009, the Commission opted for a funded plan and, as required, established an irrevocable trust to receive contributions to fund actuarially determined liabilities.



DELAWARE RIVER BASIN COMMISSION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

NOTE 8: RETIREMENT HEALTH CARE BENEFITS (CONTINUED)

On October 22, 2009 the Commission adopted resolution 2009-9, authorizing the creation of an IRC Section 115 integral part trust and the utilization of an employer savings and investment program offered by ICMA Retirement Corporation. Also on October 22, 2009 the Commission adopted resolution 2009-10 to amend the Commission's investment policy to allow investment in an integral part trust for the exclusive purpose of funding postemployment health benefits.

On November 30, 2009 The Delaware River Basin Commission Integral Part Trust was established with ICMA Retirement Corporation.

In June 2015 the Governmental Accounting Standards Board (GASB) issued Statement No. 75 (GASB 75) requiring accounting and financial reporting for postemployment benefits. The Commission adopted GASB 75 for the fiscal year ended June 30, 2018.

On June 30, 2017 the Integral Part Trust had assets valued at \$2,824,031.

Investments: The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. It is the policy of the Board of Commissioners to pursue an investment strategy that reduces risk through diversification of the portfolio by investing in several mutual funds. The following is the plan's target asset allocation as of June 30, 2017.

<u>Asset Class</u>	<u>Target Allocation</u>
Mutual Funds	100%
Total	<u>100%</u>

For the year ended June 30, 2017, the annual money-weighted return on investments, net of investment expense was 7.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Note 2 to the financial statements for additional details on the plan's investments.

The components of the net OPEB liability of the Plan at the June 30, 2017 measurement date were as follows:

Total Plan OPEB Liability	\$ 7,240,194
Plan Fiduciary Net Position	<u>2,824,031</u>
Plan's Net OPEB Liability/(Asset)	<u>\$ 4,416,163</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	39.0%
---	-------

The Commission provides eligible retirees with medical and prescription drug coverage paid by the employer and reimburses eligible retirees for Medicare Part B premiums. GASB 45 requires financial statement recognition of the cost of these benefits when earned by employees rather than when paid out. Employers are required to measure and disclose the annual OPEB cost based upon the employers annual required contribution (ARC). The ARC is the employer's periodic annual contribution calculated in accordance with GASB 45 parameters. The ARC includes the normal cost for the year plus amortization, not to exceed 30 years, of the total unfunded actuarial accrued liabilities.

DELAWARE RIVER BASIN COMMISSION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

NOTE 8: RETIREMENT HEALTH CARE BENEFITS (CONTINUED)

The annual required contribution (ARC) required by the Commission is \$477,194. The calculated ARC contains normal cost and amortization amounts as follows:

Normal Cost	\$ 121,311
Amortization Amount	<u>355,883</u>
Annual Required Contribution	<u>\$ 477,194</u>

Actuarial Assumptions and Methods Used in the July 1, 2016 Valuation:

Economic Assumptions:

Discount Rate 7%

Health Care Cost Trend Rates

<u>Year</u>	<u>Pre-65 Medical and Prescription Drugs</u>	<u>Post-65 Medical and Prescription Drugs</u>	<u>Medicare Part B</u>
2017	2.90%	0.00%	5.00%
2018	7.50%	6.50%	5.00%
2019	7.00%	6.00%	5.00%
2020	6.50%	5.50%	5.00%
2021	6.00%	5.00%	5.00%
2022	5.50%	4.50%	5.00%
2023 & Later	5.00%	4.50%	5.00%

Salary Increases 3%

Social Security Taxable Wage Base 3%

Consumer Price Index (inflation) 3%

Benefit Assumptions:

Future retirees are assumed to remain in the same medical plan they were covered under while active. The Per Capita claims cost is based on retiree premiums in effect for the valuation year projected with a medical trend inflation rate of 3% to the valuation date.

Demographic Assumptions:

Mortality: Sex-distinct RP-2014 White-Collar Employees and Healthy Annuitant Tables (headcount-weighted) and projected with scale MP-2017.

Retirement Rates: Earlier of (i) age 65 with completion of 15 years of Commission service, or (ii) age 62 with completion of 10 years of Commission service with 25 years of PERS service.

DELAWARE RIVER BASIN COMMISSION  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2018

NOTE 8: RETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Withdrawal: Turnover rates vary by age. Illustrative annual rates per 1000 are as follows:

<u>Years of Service</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
		25	52.7
1	250	30	48.3
2	200	35	44.7
3	150	40	38.4
4	100	45	32.1
5	Age rate	50	15.2
		55	0
		60	0

Participation Rate: 100% of future retirees.

Spousal/Dependent Coverage: Future retirees will have spousal/dependent coverage upon retirement as they currently have. Current retiree spousal/dependent coverage information and spousal dates of births were provided by the Commission. Expenses: administrative expenses for reinsurance and medical and prescription drug costs are included in the above claims costs.

Decrement Timing: Mid-year.

Actuarial Cost Method: Entry Age Normal Cost Method

The unfunded actuarial accrued liability is amortized as a level dollar amount using an open period of 30 years.

NOTE 9: OPERATING TRANSFERS

Interfund Transfers are executed as a result of the requirements for the General Fund to match a portion of the expenses of the other funds. Interfund operating transfers are as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
Governmental Funds:		
General Fund	\$ 2,035,781	\$ 195,156
Special Projects Fund	251,001	62,280
Total Governmental Funds	2,286,782	257,436
Enterprise Fund:		
Water Supply Storage Facilities Fund	-	2,029,346
Total	\$ 2,286,782	\$ 2,286,782

DELAWARE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

NOTE 10: EARLY RETIREMENT PROGRAM

On September 25, 1991, the Delaware River Basin Commission adopted Resolution 91-7. This resolution authorized the Commission to participate in the State of New Jersey Early Retirement Incentive Program. As of June 30, 2018, certain employees have exercised their option to retire utilizing the Early Retirement Incentive Program. Based on information provided to the Commission, the present value of the estimated additional pension liability for these employees totals \$261,872 at June 30, 2018, of which \$164,951 has been recorded in Governmental Activities, and \$96,921 has been recorded in the Business-Type Activities. This additional liability is to be paid over a period of 25 years. Payments made for this program during the year ended June 30, 2018, were \$67,360.

NOTE 11: FEDERAL CONTRIBUTION

The Energy and Appropriations Bill (P.L. 104-206) eliminated federal funding for the Delaware River Basin Commission for the federal fiscal year 1997 (October 1, 1997 through September 1, 1998). The federal government has not provided a contribution since 2009. The Commission continues its efforts to restore federal funding.

NOTE 12: LITIGATION

The Commission is subject to litigation and threats of litigation arising out of its activities. In June of 2013 the Commission received notice from landowners asserting that they have been financially harmed as a result of the Commission's imposition of a moratorium on its consideration of natural gas well projects in shale formations in the Basin. The moratorium continues pending completion of natural gas rulemaking. The Commission believes the landowners' assertions are without merit, and if litigation is commenced, the Commission will vigorously defend. The amount or range of reasonably possible loss resulting from such litigation, if and when it is commenced, cannot reasonably be estimated at this time.

NOTE 13: RESTATEMENT

The Commission recorded the cumulative effect of applying the provisions of GASB Statement No. 75 as a restatement of beginning net position as of July 1, 2017. Net position as of July 1, 2018 was decreased by \$4,433,042 in the governmental activities.

NOTE 14: SUBSEQUENT EVENTS

The Commission has evaluated subsequent events occurring after June 30, 2018 through the date of November 7, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the Commission has determined that no subsequent events have occurred that require disclosures in the financial statements.

REQUIRED  
SUPPLEMENTAL  
INFORMATION

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) GENERAL FUND  
YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Original Budget	Actual	Variance Final To Actual Favorable (Unfavorable)	Original Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Revenues:						
Signatory Party Contributions:						
State of Delaware	\$ 447,000	\$ 447,000	\$ -	\$ 447,000	\$ 447,000	\$ -
State of New Jersey	693,000	693,000	-	693,000	693,000	-
State of New York	359,500	359,500	-	359,500	359,500	-
Commonwealth of Pennsylvania	434,000	217,000	(217,000)	750,000	434,000	(316,000)
United States	715,000	-	(715,000)	715,000	-	(715,000)
Sale of Publications	2,800	1,012	(1,788)	2,800	1,726	(1,074)
Regulatory Program Fees	1,578,700	1,275,464	(303,236)	1,252,000	1,182,934	(69,066)
Interest Income	15,000	43,656	28,656	15,000	23,429	8,429
Compliance Revenue and Other Income	48,100	132,977	84,877	23,100	118,481	95,381
Total Revenues	<u>4,293,100</u>	<u>3,169,609</u>	<u>(1,123,491)</u>	<u>4,257,400</u>	<u>3,260,070</u>	<u>(997,330)</u>

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) GENERAL FUND  
YEARS ENDED JUNE 30, 2018 AND 2017  
(CONTINUED)

	2018			2017		
	Original Budget	Actual	Variance Final To Actual Favorable (Unfavorable)	Original Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Expenditures						
Personal Services	\$ 2,954,200	\$ 2,650,389	\$ 303,811	\$ 2,817,400	\$ 2,690,575	\$ 126,825
Special and Contractual Services	239,200	331,140	(91,940)	472,800	65,728	407,072
Other Services	167,000	227,038	(60,038)	166,000	160,880	5,120
Supplies and Other Materials	46,500	49,222	(2,722)	64,000	68,796	(4,796)
Buildings and Grounds	673,200	220,538	452,662	695,400	191,056	504,344
Communications	28,500	42,595	(14,095)	26,500	30,606	(4,106)
Travel	123,000	72,273	50,727	110,000	47,362	62,638
Maintenance, Replacements, Acquisitions and Rentals	191,000	79,498	111,502	166,600	51,569	115,031
Fringe Benefits and Other Contributions	1,747,700	1,471,346	276,354	1,630,400	1,566,171	64,229
Total Expenditures	6,170,300	5,144,039	1,026,261	6,149,100	4,872,743	1,276,357
Excess of Revenues Over (Under) Expenditures	(1,877,200)	(1,974,430)	(97,230)	(1,891,700)	(1,612,673)	279,027
Other Financing Sources (Uses)						
Operating Transfers In	2,240,200	2,035,781	(204,419)	2,254,700	2,058,024	(196,676)
Operating Transfers Out	(363,000)	(195,156)	167,844	(363,000)	(820,216)	(457,216)
Total Other Financing Sources (Uses)	1,877,200	1,840,625	(36,575)	1,891,700	1,237,808	(653,892)
Net Change in Fund Balances	-	(133,805)	(133,805)	-	(374,865)	(374,865)
Fund Balances-Beginning of Year	4,083,449	4,083,449	-	4,458,314	4,458,314	-
Fund Balances-End of Year	\$ 4,083,449	\$ 3,949,644	\$ (133,805)	\$ 4,458,314	\$ 4,083,449	\$ (374,865)

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATE OF NEW JERSEY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years\*  
(Dollar Amounts in Thousands)

Measurement Date, June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the net pension liability	0.0389675787%	0.0427852444%	0.0400999473%	0.0431396436%
Commission's proportionate share of the net pension liability	\$ 9,071,029	\$ 12,671,762	\$ 9,001,635	\$ 8,076,921
Commission's covered payroll	\$ 2,807,159	\$ 2,856,105	\$ 2,809,302	\$ 2,918,162
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	323.14%	443.67%	320.42%	276.78%
Plan fiduciary net position as a percentage of the total pension liability	36.78%	31.20%	47.93%	52.08%

\*The amounts presented for the fiscal year were determined as of the calendar year-end (12/31) that occurred within the fiscal year. The Commission adopted GASB 68 on a prospective basis in fiscal year 2015; therefore only four years are presented in the above schedule.



DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF COMMISSION'S CONTRIBUTIONS  
STATE OF NEW JERSEY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years\*  
(Dollar Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 360,993	\$ 380,098	\$ 344,752	\$ 355,637
Contributions in relation to the contractually required contribution	<u>(360,993)</u>	<u>(380,098)</u>	<u>(344,752)</u>	<u>(355,637)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered payroll	\$ 2,807,159	\$ 2,856,105	\$ 2,809,302	\$ 2,918,162
Contributions as a percentage of covered payroll	12.86%	13.31%	12.27%	12.19%

\*The Commission adopted GASB 68 on a prospective basis in fiscal year 2015; therefore only four years are presented in the above schedule.

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS

	June 30, 2018 <u>Measurement Date</u>
TOTAL OPEB LIABILITY	
Service cost	\$ 113,375
Interest	355,883
Amortization	383,200
Benefit payments	<u>(381,053)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	471,405
Total OPEB liability, beginning	<u>6,768,789</u>
TOTAL OPEB LIABILITY, ENDING (a)	<u><u>\$ 7,240,194</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions	
Employer	\$ 194,400
Net investment income (loss)	<u>293,884</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	488,284
Plan fiduciary net position, beginning	<u>2,335,747</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u><u>\$ 2,824,031</u></u>
NET OPEB LIABILITY, ENDING (a)-(b)	<u><u>\$ 4,416,163</u></u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u><u>39.00%</u></u>
COVERED PAYROLL	<u><u>\$ 2,786,936</u></u>
NET OPEB LIABILITY AS A PERCENTAGE OF COVERED- PAYROLL	<u><u>158.46%</u></u>

\*The Commission adopted GASB 75 on a prospective basis in fiscal year 2018; therefore only one year is presented in the above schedule.

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF COMMISSION'S CONTRIBUTIONS  
OPEB PLAN

Last 10 Fiscal Years\*  
(Dollar Amounts in Thousands)

	2018
Contractually required contribution	\$ 477,194
Contributions in relation to the contractually required contribution	466,118
Contribution deficiency (excess)	\$ 11,076
Commission's covered payroll	\$ 2,786,936
Contributions as a percentage of covered payroll	16.73%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar amount
Amortization Period	30 years
Asset Valuation Method	Market value
Inflation	3.00%
Healthcare Cost Trend Rates	(7.5%) during 2018
Salary Increases	3.00%
Investment Rate of Return	7.00%
Retirement Age	65
Mortality	RP-2014 White Collar Generational Tables Using Scale MP-2017

\*The Commission adopted GASB 75 on a prospective basis in fiscal year 2018; therefore only one year is presented in the above schedule.

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF INVESTMENT RETURNS  
OPEB PLAN

	<u>2018*</u>
Annual money-weighted rate of return, net of investment expense	7.50%

\*The Commission adopted GASB 75 on a prospective basis in fiscal year 2018; therefore only one year is presented in the above schedule.

STATISTICAL  
SECTION  
UNAUDITED

DELAWARE RIVER BASIN COMMISSION  
NET POSITION (DEFICIT) BY COMPONENT  
(ACCRUAL BASIS OF ACCOUNTING)  
LAST SIX YEAR FISCAL YEARS - UNAUDITED

	Fiscal Year Ended June 30,					
	2018	2017	2016	2015	2014	2013
Government-wide Activities						
Net Investment in						
Capital Assets	\$ 1,276,910	\$ 1,309,088	\$ 1,297,686	\$ 1,225,993	\$ 1,296,488	\$ 1,243,769
Restricted	-	16,879	8,232	8,013	8,272	25,377
Unrestricted	(10,394,486)	(5,917,029)	(4,894,193)	(4,812,105)	4,073,604	4,199,883
Total Governmental Activities						
Net Position	<u>\$ (9,117,576)</u>	<u>\$ (4,591,062)</u>	<u>\$ (3,588,275)</u>	<u>\$ (3,578,099)</u>	<u>\$ 5,378,364</u>	<u>\$ 5,469,029</u>
Business-Type Activities						
Net Investment in						
Capital Assets	\$ (6,100,775)	\$ (5,992,734)	\$ (6,255,056)	\$ (6,289,341)	\$ (6,292,626)	\$ (6,144,978)
Unrestricted	26,038,560	25,243,145	24,243,915	23,655,228	22,923,355	21,264,716
Total Business-Type Activities						
Net Position	<u>\$ 19,937,785</u>	<u>\$ 19,250,411</u>	<u>\$ 17,988,859</u>	<u>\$ 17,365,887</u>	<u>\$ 16,630,729</u>	<u>\$ 15,119,738</u>
Commission-Wide						
Net Investment in						
Capital Assets	\$ (4,823,865)	\$ (4,683,646)	\$ (4,957,370)	\$ (5,063,348)	\$ (4,996,138)	\$ (4,901,209)
Restricted	-	16,879	8,232	8,013	8,272	25,377
Unrestricted	15,644,074	19,326,116	19,349,722	18,843,123	26,996,959	25,464,599
Total Commission						
Net Position	<u>\$ 10,820,209</u>	<u>\$ 14,659,349</u>	<u>\$ 14,400,584</u>	<u>\$ 13,787,788</u>	<u>\$ 22,009,093</u>	<u>\$ 20,588,767</u>

DELAWARE RIVER BASIN COMMISSION  
 CHANGES IN NET POSITION (ACCRUAL BASIS OF ACCOUNTING)  
 LAST SIX FISCAL YEARS - UNAUDITED

	Fiscal Year Ended June 30,					
	2018	2017	2016	2015	2014	2013
Expenses:						
Primary Government:						
General Government	\$ 2,942,273	\$ 3,394,181	\$ 2,585,242	\$ 2,631,032	\$ 2,695,492	\$ 2,737,337
Water Resource Management	994,062	1,038,948	1,159,005	608,925	628,351	555,555
Water Resource Operations	371,985	351,817	477,538	1,025,312	894,246	1,047,420
Science and Water Quality Management	754,676	785,545	462,150	401,471	326,237	450,034
Special Projects	1,393,521	1,766,458	1,731,624	1,738,325	1,987,066	2,068,231
Total Government Activities	<u>6,456,517</u>	<u>7,336,949</u>	<u>6,415,559</u>	<u>6,405,065</u>	<u>6,531,392</u>	<u>6,858,577</u>
Business-Type Activities:						
Water Supply Storage Facilities	1,175,513	1,474,321	1,720,829	1,304,051	1,441,325	1,493,536
Total Business-Type Activities	<u>1,175,513</u>	<u>1,474,321</u>	<u>1,720,829</u>	<u>1,304,051</u>	<u>1,441,325</u>	<u>1,493,536</u>
Total Primary Government	<u>\$ 7,632,030</u>	<u>\$ 8,811,270</u>	<u>\$ 8,136,388</u>	<u>\$ 7,709,116</u>	<u>\$ 7,972,717</u>	<u>\$ 8,352,113</u>
Program Revenues:						
Government Activities:						
Charges for Services:						
Regulatory Program Fees	\$ 1,377,686	\$ 1,239,611	\$ 839,249	\$ 598,629	\$ 491,844	\$ 780,281
Operating Grants and Contributions	1,164,090	1,213,656	1,477,078	1,479,024	1,595,706	2,124,299
Total Government Activities Program Revenue	<u>2,541,776</u>	<u>2,453,267</u>	<u>2,316,327</u>	<u>2,077,653</u>	<u>2,087,550</u>	<u>2,904,580</u>
Business-Type Activities:						
Charges for Services:						
Water Supply Storage Facilities	3,195,232	3,495,596	3,482,420	3,557,378	3,188,909	3,314,826
Total Business-Type Activities Program Revenue	<u>3,195,232</u>	<u>3,495,596</u>	<u>3,482,420</u>	<u>3,557,378</u>	<u>3,188,909</u>	<u>3,314,826</u>
Total Commission Program Revenues	<u>\$ 5,737,008</u>	<u>\$ 5,948,863</u>	<u>\$ 5,798,747</u>	<u>\$ 5,635,031</u>	<u>\$ 5,276,459</u>	<u>\$ 6,219,406</u>

DELAWARE RIVER BASIN COMMISSION  
CHANGES IN NET POSITION (ACCRUAL BASIS OF ACCOUNTING)  
LAST SIX FISCAL YEARS - UNAUDITED  
(CONTINUED)

	Fiscal Year Ended June 30,					
	2018	2017	2016	2015	2014	2013
Net (Expense)/Revenue:						
Governmental Activities	\$ (3,914,741)	\$ (4,883,682)	\$ (4,099,232)	\$ (4,327,412)	\$ (4,443,842)	\$ (3,953,997)
Business-Type Activities	2,019,719	2,021,275	1,761,591	2,253,327	1,747,584	1,821,290
Total Commission-Wide Net Expense	<u>\$ (1,895,022)</u>	<u>\$ (2,862,407)</u>	<u>\$ (2,337,641)</u>	<u>\$ (2,074,085)</u>	<u>\$ (2,696,258)</u>	<u>\$ (2,132,707)</u>
General Revenues and Other Changes in Net Position:						
Governmental Activities:						
Grants and Contributions Net						
Restricted to Special Programs	1,716,500	1,933,500	1,933,500	1,933,500	1,933,500	2,534,350
Investment Earnings	43,656	23,429	13,975	-	-	-
Miscellaneous Income	31,767	63,526	238,687	186,306	102,893	32,985
Transfers	2,029,346	1,860,440	1,902,894	1,926,470	1,865,934	2,104,975
Total Governmental Activities	<u>3,821,269</u>	<u>3,880,895</u>	<u>4,089,056</u>	<u>4,046,276</u>	<u>3,902,327</u>	<u>4,672,310</u>
Business-Type Activities:						
Investment Earnings	697,001	1,100,717	764,275	408,301	1,629,341	636,019
Transfers	<u>(2,029,346)</u>	<u>(1,860,440)</u>	<u>(1,902,894)</u>	<u>(1,926,470)</u>	<u>(1,865,934)</u>	<u>(2,104,975)</u>
Total Business-Type Activities	<u>(1,332,345)</u>	<u>(759,723)</u>	<u>(1,138,619)</u>	<u>(1,518,169)</u>	<u>(236,593)</u>	<u>(1,468,956)</u>
Total Commission-Wide	<u>\$ 2,488,924</u>	<u>\$ 3,121,172</u>	<u>\$ 2,950,437</u>	<u>\$ 2,528,107</u>	<u>\$ 3,665,734</u>	<u>\$ 3,203,354</u>
Changes in Net Position:						
Governmental Activities	\$ (93,472)	(1,002,787)	(10,176)	(281,136)	(90,665)	718,313
Cumulative Changes	<u>(4,433,042)</u>	<u>-</u>	<u>-</u>	<u>(8,675,327)</u>	<u>-</u>	<u>-</u>
Subtotal Governmental Activities	<u>\$ (4,526,514)</u>	<u>\$ (1,002,787)</u>	<u>\$ (10,176)</u>	<u>\$ (8,956,463)</u>	<u>\$ (90,665)</u>	<u>\$ 718,313</u>
Business-Type Activities	<u>687,374</u>	<u>1,261,552</u>	<u>622,972</u>	<u>735,158</u>	<u>1,510,991</u>	<u>352,334</u>
Total Commission	<u>\$ (3,839,140)</u>	<u>\$ 258,765</u>	<u>\$ 612,796</u>	<u>\$ (8,221,305)</u>	<u>\$ 1,420,326</u>	<u>\$ 1,070,647</u>



DELAWARE RIVER BASIN COMMISSION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 LAST SIX FISCAL YEARS - UNAUDITED

	Fiscal Year Ended June 30,					
	2018	2017	2016	2015	2014	2013
General Fund:						
Committed/Assigned	\$ 361,534	\$ 518,466	\$ 711,393	\$ 847,323	\$ 893,582	\$ 910,687
Unassigned	3,588,110	3,564,983	3,746,921	3,665,640	3,860,044	4,036,996
<b>Total General Fund</b>	<b>\$ 3,949,644</b>	<b>\$ 4,083,449</b>	<b>\$ 4,458,314</b>	<b>\$ 4,512,963</b>	<b>\$ 4,753,626</b>	<b>\$ 4,947,683</b>
All Other Governmental Funds:						
Unreserved, Reported In:						
Special Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,576
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,576</b>

DELAWARE RIVER BASIN COMMISSION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN YEARS - UNAUDITED

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Signatory Party Contributions:										
State of Delaware	\$ 447,000	\$ 447,000	\$ 447,000	\$ 447,000	\$ 468,456	\$ 520,830	\$ 465,593	\$ 127,000	\$ 447,000	\$ 496,995
State Of New Jersey	693,000	693,000	694,505	698,113	704,926	893,000	903,500	893,000	893,000	941,305
State of New York	359,500	359,500	359,500	359,500	246,000	246,000	365,500	370,505	472,800	638,891
Commonwealth of Pennsylvania	332,437	552,372	548,320	549,780	1,141,837	1,105,089	686,411	1,075,016	1,194,567	1,396,978
United States	503,237	432,401	869,793	859,461	681,780	984,514	692,322	887,067	1,177,445	1,247,241
Sale of Publications	1,012	1,726	2,707	2,778	2,444	2,775	3,450	2,604	3,797	3,850
Regulatory Program Fees	1,275,464	1,182,934	839,249	598,629	491,844	780,282	954,518	448,296	876,021	366,912
Investment Income	44,914	23,429	13,975	-	-	59	1,366	108,599	4,989	98,997
Compliance Revenue and Other Income	677,135	781,364	727,441	696,287	837,510	939,369	293,152	362,961	306,574	343,646
<b>Total Revenues</b>	<b>4,333,699</b>	<b>4,473,726</b>	<b>4,502,490</b>	<b>4,211,548</b>	<b>4,574,797</b>	<b>5,471,918</b>	<b>4,365,812</b>	<b>4,275,048</b>	<b>5,376,193</b>	<b>5,534,815</b>
Expenditures:										
Personal Services	2,999,831	3,080,695	2,961,430	3,011,603	3,133,111	3,185,201	3,254,446	3,200,330	3,164,452	3,073,105
Special and Contractual Services	1,086,958	1,127,070	1,023,993	955,814	1,087,400	1,324,809	1,176,378	1,258,916	1,299,652	1,296,004
Other Services	228,870	160,977	168,348	165,871	153,532	139,841	140,884	169,136	135,232	142,164
Supplies and Materials	92,138	87,504	58,183	47,237	67,254	64,757	55,422	57,534	64,701	65,482
Buildings and Grounds	220,557	304,624	236,561	202,329	271,377	250,725	186,302	175,127	191,007	224,765
Communications	45,035	39,603	34,748	26,274	27,439	23,755	20,134	26,147	34,047	40,325
Travel	79,962	51,155	59,165	61,060	62,849	32,529	46,018	66,133	50,258	46,794
Maintenance, Replacements										
Acquisitions and Rentals	80,661	63,937	199,693	145,549	109,320	100,683	139,677	81,939	116,964	167,845
Fringe Benefits and Other Contributions	1,662,838	1,793,466	1,717,912	1,762,944	1,768,082	1,788,616	1,709,443	1,684,286	1,561,351	1,148,468
<b>Total Expenditures</b>	<b>6,496,850</b>	<b>6,709,031</b>	<b>6,460,033</b>	<b>6,378,681</b>	<b>6,680,364</b>	<b>6,910,916</b>	<b>6,728,704</b>	<b>6,719,548</b>	<b>6,617,664</b>	<b>6,204,952</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2,163,151)	(2,235,305)	(1,957,543)	(2,167,133)	(2,105,567)	(1,438,998)	(2,362,892)	(2,444,500)	(1,241,471)	(670,137)
Other Financing Sources/(Uses):										
Operating Transfers In	2,286,782	2,942,275	2,793,991	2,262,609	2,619,017	2,952,197	2,384,568	2,215,026	2,323,696	1,425,080
Operating Transfer (Out)	(257,436)	(1,081,835)	(891,097)	(336,139)	(753,083)	(847,222)	(450,138)	(501,334)	(593,537)	(617,240)
<b>Total Other Financing Sources and Uses</b>	<b>2,029,346</b>	<b>1,860,440</b>	<b>1,902,894</b>	<b>1,926,470</b>	<b>1,865,934</b>	<b>2,104,975</b>	<b>1,934,430</b>	<b>1,713,692</b>	<b>1,730,159</b>	<b>807,840</b>
<b>Net Change in Fund Balances</b>	<b>\$ (133,805)</b>	<b>\$ (374,865)</b>	<b>\$ (54,649)</b>	<b>\$ (240,663)</b>	<b>\$ (239,633)</b>	<b>\$ 665,977</b>	<b>\$ (428,462)</b>	<b>\$ (730,808)</b>	<b>\$ 488,688</b>	<b>\$ 137,703</b>

DELAWARE RIVER BASIN COMMISSION  
 OUTSTANDING DEBT BY TYPE  
 LAST TEN YEARS - UNAUDITED

Fiscal Year Ended June 30,	Business-Type Activities Due to U.S. Army Corps of Engineers	Government Fund Type Capital Lease	Total
2018	\$ 9,569,610	\$ 17,915	\$ 9,587,525
2017	9,887,503	29,007	9,916,510
2016	10,583,426	40,094	10,623,520
2015	11,065,397	51,183	11,116,580
2014	11,531,473	-	11,531,473
2013	11,810,071	-	11,810,071
2012	12,418,024	-	12,418,024
2011	12,678,838	-	12,678,838
2010	13,247,073	-	13,247,073
2009	13,491,240	12,456	13,503,696

SUPPLEMENTAL  
SCHEDULES  
UNAUDITED

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF ACTIVE PROJECTS - UNAUDITED  
THROUGH JUNE 30, 2018

	USGS Monitors 310	Groundwater Pennsylvania Protected Area 315	Port Jarvis Ice Flow Maintenance Project 320	Eutrophic Modeling 323	Wastewater Treatment Structure 324N	Wastewater Treatment Structure 324O	NG Software Tool and Process 326B	Page Total
Cumulative Expenditures from Date of Inception Through 6/30/2017	\$ 4,176,197	\$ 6,645,470	\$ 3,729	\$ 44,221	\$ -	\$ -	\$ 649,000	\$ 11,518,617
Current Fiscal Year Expenditures and Encumbrances:								
Personal Services	-	52,796	-	24,450	4,113	491	485	82,335
Special and Contractual Services	259,070	-	-	26,103	-	-	-	285,173
Supplies, Materials and Equipment	-	50	-	6,422	-	-	-	6,472
Travel and Communications	-	-	-	39	-	-	-	39
Fringe Benefits	-	28,700	-	13,417	2,257	270	266	44,910
Transfers and Refunds	(55,845)	45,041	-	3,641	(1,640)	(171)	(751)	(9,725)
Total Current Fiscal Year	203,225	126,587	-	74,072	4,730	590	-	409,204
Total Expenditures from Date of Inception Through June 30, 2018	4,379,422	6,772,057	3,729	118,293	4,730	590	649,000	11,927,821
Capital Expenditures	-	12,720	-	-	-	-	-	12,720
Total Funding Awarded for Project	4,434,103	6,784,777	98,939	462,500	275,000	50,000	649,000	12,754,319
Funding Available to Complete Project	\$ 54,681	\$ -	\$ 95,210	\$ 344,207	\$ 270,270	\$ 49,410	\$ -	\$ 813,778

DELAWARE RIVER BASIN COMMISSION  
SCHEDULE OF ACTIVE PROJECTS - UNAUDITED  
THROUGH JUNE 30, 2018  
(CONTINUED)

	Nutrient Monitoring of Discharges 327A	USACE In-Kind 327B	Early Warning System 343	PA Water Planning 353	PPL Ash Spill Settlement 361	Sec. 106 Water Pollution Control Grant 362	Nutrient Expert Panel 384	Totals
Cumulative Expenditures from Date of Inception Through 6/30/2017	71,588	\$ 125,252	\$ 783,468	\$ 941,159	\$ 7,013	\$ 123,183	\$ 9,265	\$ 13,579,545
Current Fiscal Year:								
Expenditures and Encumbrances:								
Personal Services	-	22,335	-	11,344	6,325	227,105	-	349,444
Special and Contractual Services	-	-	78,748	-	-	383,331	10,236	757,488
Supplies, Materials and Equipment	-	-	-	-	-	37,787	-	44,259
Travel and Communications	-	-	-	-	21	6,886	3,183	10,129
Fringe Benefits	-	12,257	-	6,225	3,471	124,629	-	191,492
Transfers and Refunds	-	(34,592)	-	9,677	3,895	(157,976)	-	(188,721)
Total Current Fiscal Year	-	-	78,748	27,246	13,712	621,762	13,419	1,164,091
Total Expenditures from Date of Inception Through June 30, 2018	71,588	125,252	862,216	968,405	20,725	744,945	22,684	14,743,636
Capital Expenditures	-	-	-	-	-	-	-	12,720
Total Funding Awarded for Project	75,000	125,252	862,216	1,100,000	952,150	1,282,000	22,733	17,173,670
Funding Available to Complete Project	\$ 3,412	\$ -	\$ -	\$ 131,595	\$ 931,425	\$ 537,055	\$ 49	\$ 2,417,314

DELAWARE RIVER BASIN COMMISSION  
GENERAL FUND EXPENDITURES -  
BY CATEGORY AND OBJECT UNAUDITED  
YEARS ENDED JUNE 30, 2018 AND 2017  
(MODIFIED ACCRUAL BASIS)

	<u>2018</u>	<u>2017</u>
Personnel Services	\$ 2,650,389	\$ 2,690,575
Special and Contractual Services:		
Auditing	78,775	15,725
Computer and Financial	15,726	16,296
All Other Special and Contractual Services	236,639	33,707
Total Special and Contractual Services	<u>331,140</u>	<u>65,728</u>
Other Services:		
Insurance	177,319	124,605
Advertising	17,137	7,660
Memberships	20,867	16,925
All Other	11,715	11,690
Total Other Services	<u>227,038</u>	<u>160,880</u>
Supplies and Materials:		
Vehicular	3,356	5,375
Office	42,886	61,224
Library	2,980	2,197
Total Supplies and Materials	<u>49,222</u>	<u>68,796</u>
Buildings and Grounds	<u>220,538</u>	<u>191,056</u>
Communications:		
Postage	5,922	4,840
Telephone and Other	36,673	25,766
Total Communications	<u>42,595</u>	<u>30,606</u>
Travel:		
Travel	25,509	19,534
Commission Meeting Expense	46,764	27,828
Total Travel	<u>72,273</u>	<u>47,362</u>
Maintenance, Replacements, Acquisitions and Rentals:		
Office Equipment	58,472	5,619
Vehicular Equipment	4,393	2,973
Computers	16,264	31,220
Office Equipment Rental	369	668
Other	-	11,089
Total Maintenance, Replacements, Acquisitions and Rentals	<u>79,498</u>	<u>51,569</u>
Fringe Benefits and Other Contributions:		
Employees' Retirement	401,656	410,396
Social Security	192,573	194,535
Health and Dental Benefits	856,998	940,217
Unemployment Compensation	7,923	8,801
Long-Term Disability	10,448	10,604
Other Fringes	1,748	1,618
Total Fringe Benefits and Other Contributions	<u>1,471,346</u>	<u>1,566,171</u>
Total General Fund Expenditures	<u><u>5,144,039</u></u>	<u><u>\$ 4,872,743</u></u>

DELAWARE RIVER BASIN COMMISSION  
 CHANGES IN SPECIAL PROJECTS  
 ADVANCE/(RECEIVABLE) BALANCE - BY PROJECT - UNAUDITED  
 YEAR ENDED JUNE 30, 2018

Advances:	Project	Balance July 1, 2017	Cash Receipts	Transfers	Expenditures	Balance June 30, 2018
310	USGS Monitors	\$ 59,236	\$ 198,670	\$ 55,845	\$ (259,070)	\$ 54,681
320	Upper Delaware Ice Jam	93,952	1,258	-	-	95,210
322	Flow and Temp. Modeling	16,622	-	-	-	16,622
327A	Nutrient Monitoring Of Discharges	3,412	-	-	-	3,412
353	PA Water Planning	158,841	-	(9,677)	(17,569)	131,595
361	PPL Ash Spill	945,137	-	(3,895)	(9,817)	931,425
384	Nutrient Expert Panel	13,468	-	-	(13,419)	49
	Total Advances	<u>\$ 1,290,668</u>	<u>\$ 199,928</u>	<u>\$ 42,273</u>	<u>\$ (299,875)</u>	<u>\$ 1,232,994</u>

Accounts Receivable:

362	Water Pollution Control	\$ (81,165)	\$ 503,237	\$ 157,976	\$ (779,739)	\$ (199,691)
315	Groundwater - PA	11,150	66,600	(45,042)	(81,546)	(48,838)
323	Eutrophic Modeling	(44,221)	64,620	(3,640)	(70,432)	(53,673)
324N	Evaluate Wastewater Infrastructure	-	-	1,640	(6,369)	(4,729)
324O	PA Coastal Zone Management	-	-	171	(761)	(590)
337A	Technical Report	(10,000)	10,000	-	-	-
	Total Accounts Receivable	<u>\$ (124,236)</u>	<u>\$ 644,457</u>	<u>\$ 111,105</u>	<u>\$ (938,847)</u>	<u>\$ (307,521)</u>





**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**

**Independent Auditor's Report**

To the Commissioners  
Delaware River Basin Commission

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Delaware River Basin Commission as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Delaware River Basin Commission's financial statements, and have issued our report thereon dated November 7, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Delaware River Basin Commission'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 Delaware River Basin Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware River Basin Commission'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Commissioners  
Delaware River Basin Commission  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Delaware River Basin Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Purpose of this Report**

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

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania  
November 7, 2018