

REPORT OF AUDIT
SUSSEX COUNTY
MUNICIPAL UTILITIES AUTHORITY
NOVEMBER 30, 2019

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

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Introductory Section

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
ROSTER OF OFFICIALS
NOVEMBER 30, 2019

Authority Members

Title

Commissioners

John Drake	Chairman
Karl Meyer	Vice Chairman
Andrea Cocula	Secretary
Wayne Dietz	Commissioner
Thomas Madsen	Commissioner
John Finkeldie	Commissioner
Robert Dabinett	Commissioner

Other Officials

John Hatzelis	Administrator (12/1/18-9/30/19)
Thomas Varro, P.E.	Executive Director (effective 3/6/19)
Timothy Day	Comptroller (effective 6/5/19)
Angelo Baron	Superintendent - Wasterwater Facilities
James Sparnon	Superintendent - Solid Waste Facilities
Thomas Varro, P.E.	Chief Engineer
Cornerstone Engineering Group, LLC	Consulting Engineers - Solid Waste
Mott MacDonald	Consulting Engineers - Wastewater
Cleary, Giacobbe, Alfieri, Jacobs LLC	General Counsel
Hall and Associates	Special Counsel
Laddey Clark & Ryan LLC	Special Counsel
Archer & Greiner, P.C.	Bond Counsel
US Bank	Trustee
Wielkocz & Company, LLC	Auditors

Surety Company

Commissioners and the Authority Treasurer listed above are covered by Public Officials Legal Liability Policy in the amount of \$5,000,000 issued by Statewide Insurance Fund, Policy No. SIF2019-07848 for the period January 1, 2019 to January 1, 2020.

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Financial Section

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WIELKOTZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
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INDEPENDENT AUDITOR'S REPORT

Honorable Chairperson and Members
Sussex County Municipal Utilities Authority
Lafayette, NJ 07848

Report on the Financial Statements

We have audited the accompanying statements of net position of the Sussex County Municipal Utilities Authority as of November 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sussex County Municipal Utilities Authority, as of November 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sussex County Municipal Utilities Authority's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020 on our consideration of the Sussex County Municipal Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sussex County Municipal Utilities Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sussex County Municipal Utilities Authority's internal control over financial reporting and compliance.

Very truly yours,

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 25, 2020

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Management Discussion and Analysis

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**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

As management of the Sussex County Municipal Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended November 30, 2019 and 2018. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's liabilities exceeded its assets by \$(1,477,493) (net position) for the fiscal year reported. This compares to the previous year when assets exceeded assets by \$(5,182,851). Net position for 2018 has been restated to reflect the appropriate net OPEB liability and other items required under GASB Statement No. 75. "Accounting and Financial Reporting for Post Employment Benefits Other than Pensions".
- Total net position are comprised of the following:
 - (1) Net Investment in Capital Assets, of \$3,448,925 include plant and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$9,546,624 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$(14,473,042) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority decreased by \$5,533,450 to \$90,215,536 during the fiscal year primarily due to decreases in the Authority's net pension liability for the State of New Jersey Public Employees' Retirement System net OPEB liability, and in bonds and loans payable.

Overview of the Financial Statements

This annual report includes this management discussion, the independent auditor's report and the basic financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the authority.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the results of the Authority operations over the past year and can be used to determine whether the Authority has recovered all its costs through its user fees and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this years activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in those assets. The reader can think of the Authority's net position – the difference between assets and deferred outflows and liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Authority as a whole.

The Authority's net position at fiscal year-end are \$(1,477,493). This is a \$3,705,358 increase over last year's restated net position of \$(5,182,851). A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position
(000's)**

	<u>FY 2019</u>	<u>Restated FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>FY 2017</u>
Current and Other Assets	42,068	39,083	2,985	7.64%	35,126
Capital Assets	55,226	57,210	(1,984)	(3.47)%	60,824
Deferred Outflows of Resources	<u>3,418</u>	<u>4,690</u>	<u>(1,272)</u>	(27.12)%	<u>5,910</u>
Total Assets and Deferred Outflows	<u>100,712</u>	<u>100,983</u>	<u>(271)</u>		<u>101,860</u>
Long-term Debt Outstanding	52,708	54,511	(1,803)	(3.31)%	55,400
Other Liabilities	37,508	41,238	(3,730)	(9.05)%	45,431
Deferred Inflows of Resources	<u>11,973</u>	<u>10,417</u>	<u>1,556</u>	14.94%	<u>4,857</u>
Total Liabilities and Deferred Inflows	<u>102,189</u>	<u>106,166</u>	<u>(3,977)</u>		<u>105,688</u>
Net Investment					
In Capital Assets	3,449	3,383	66	1.95%	6,557
Restricted	9,547	10,195	(648)	(6.36)%	10,213
Unrestricted	<u>(14,473)</u>	<u>(18,761)</u>	<u>4,288</u>	(22.86)%	<u>(20,598)</u>
	<u>(1,477)</u>	<u>(5,183)</u>	<u>3,706</u>	(71.50)%	<u>(3,828)</u>

While the *Statement of Net Position* shows the change in financial position of nets assets, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes. As can be seen in the following table, net position increased by \$3,705,358.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Net Position (Continued)

**Condensed Statement of Net Position
(000's)**

	<u>FY 2019</u>	<u>Restated FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>FY 2017</u>
Operating Revenues	22,626	21,340	1,286	6.03%	20,953
Non-Operating Revenues	<u>2,004</u>	<u>2,200</u>	<u>(196)</u>	(8.91)%	<u>3,134</u>
Total Revenues	<u>24,630</u>	<u>23,540</u>	<u>1,090</u>		<u>24,087</u>
Depreciation Expense	4,861	4,737	124	2.62%	5,330
Other Operating Expenses	13,536	15,431	(1,895)	(12.28)%	17,536
Other Non-Operating Expense	<u>2,527</u>	<u>4,567</u>	<u>(2,040)</u>	(44.67)%	<u>1,726</u>
Total Expenses	<u>20,924</u>	<u>24,735</u>	<u>(3,811)</u>		<u>24,592</u>
Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>873</u>
Change in Net Position	3,706	(1,195)	4,901	(410.13)%	368
Beginning Net Position, as Previously Reported	(5,183)	(3,828)	(1,355)	35.40%	(4,196)
Prior Period Adjustment:	<u>-0-</u>	<u>(160)</u>	<u>(160)</u>	(100.00)%	<u>-0-</u>
Net Position December 1, As restated	<u>(5,183)</u>	<u>(3,988)</u>	<u>(1,195)</u>	29.96%	<u>(4,196)</u>
Ending Net Position	<u>(1,477)</u>	<u>(5,183)</u>	<u>3,706</u>	(71.50)%	<u>(3,828)</u>

The Authority's Operating Revenues increased by \$1,286,443 to \$22,626,486 in 2019 from \$21,340,043 in 2018 primarily due to increases in user charges and tipping fees. Nonoperating Revenues decreased by \$196,864 to \$2,003,449 from \$2,200,313 mainly due to decreases in net cell closure revenues, and renewal and replacement budget appropriations.

Budgetary Highlights

The Authority prepares and submits an annual budget to the State of New Jersey, which approves the budget for adoption by the Authority prior to the beginning of the fiscal year.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

The following table provides a 2019 and 2018 budget comparison:

**Budget vs. Actual
FY 2019
(000's)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	17,670	22,626	4,956
Non-Operating	<u>976</u>	<u>2,003</u>	<u>2,979</u>
	<u>18,646</u>	<u>24,629</u>	<u>5,983</u>
Expenses:			
Operating	16,404	13,536	2,868
Non-Operating	<u>2,242</u>	<u>2,527</u>	<u>(285)</u>
	<u>18,646</u>	<u>16,063</u>	<u>2,583</u>
Income Before Depreciation and Capital Contributions	<u>0</u>	<u>8,566</u>	<u>8,566</u>

**Budget vs. Actual
FY 2018
(000's)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	17,993	21,340	3,347
Non-Operating	<u>0</u>	<u>2,200</u>	<u>2,200</u>
	<u>17,993</u>	<u>23,540</u>	<u>5,547</u>
Expenses:			
Operating	13,581	15,431	(1,850)
Non-Operating	<u>4,412</u>	<u>4,567</u>	<u>(155)</u>
	<u>17,993</u>	<u>19,998</u>	<u>(2,005)</u>
Income Before Depreciation and Capital Contributions	<u>0</u>	<u>3,542</u>	<u>3,542</u>

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

The SCMUA determines service charges for the various systems (i.e. Upper Wallkill Facilities, Hampton Commons Facility and Solid Waste Facility) based on each individual facility's annual budget needs including costs and debt service expenses. A public hearing is conducted annually in accordance with NJSA 40:14B.

The Upper Wallkill Facilities sewer users service charges are calculated based on the current year's operating budget. Anticipation of other sources of revenues (septage, sludge, hauled sewage, etc.) are determined with the remaining revenue needs divided up by the system participants based on individual Service Contracts. Each system participant Service Contract outlines the calculation method utilized by the SCMUA.

Hampton Commons Facilities sewer charges are calculated after the current annual budget requirements have been determined. Total operating and maintenance expenses are calculated for the current year. Other non-operations revenue sources are determined and subtracted from the total budget requirement. The remaining amount is billed to Hampton Township and to the Hampton Commons Homeowners Association, which subsequently bills its members.

The Solid Waste Facilities service charges are determined after the budget requirements including operating cost, debt service expenses and revenue requirements are calculated. User charges are calculated based on type of waste and class of user. Tipping fees are determined for waste class and type of user to ensure landfill space utilized equipment expense and staff resources employed are appropriately covered.

The Paulinskill Facilities sewer user charges are calculated based on best estimates of all operating expenses, reserve requirements and USDA loan payment obligations. The calculated user charges will be billed to Branchville and Frankford system participants based on individual service contracts.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

The following are charts for various system service charges calculated for FY 2020:

Hampton Commons Facility

a. Hampton Commons FY2020 Budget		\$ 183,500
b. Investment Earnings		
Earnings on Fund Balances		
R&R Fund	\$ 35,000	
Operating Fund	<u>110,000</u>	
Average Fund Balance	\$ 145,000	
Estimated Interest Rate	<u>1.50%</u>	
Projected Investment Earnings	\$ 3,088	
c. Appropriation from Retained Earnings	<u>\$ 7,500</u>	
Total Amount of Other Revenues		<u>\$ 10,588</u>
d. Amount to be Raised by User Charges		\$ 172,912
e. Calculation of Sewage Treatment Charges		

The Service Agreement with Hampton Township stipulates that a guaranteed minimum flow of 7,000 GPD shall be utilized to calculate the minimum annual charge for the Lowe's Development. Therefore, Sewerage Treatment Charges are calculated as follows:

	<u>GPD</u>	<u>%</u>		<u>Estimated FY20 Annual Charge</u>
Hampton Common Homeowners Assoc.	32,000	82.05%		\$141,876.51
Township of Hampton	<u>7,000</u>	<u>17.95%</u>	\$172,912	<u>\$ 31,035.49</u>
	39,000	100.00%		\$172,912.00

Calculations of HCHA per Unit charge

<u>D/S & O&M Expenses</u>	=	FY2020 Estimated User Charges
Units		
<u>\$141,877</u>	=	\$473 per unit
300		

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Solid Waste Facilities

Tipping Fee Calculation/Analysis:	\$ 10,951,000
FY2020 Solid Waste Facilities Budget	
Less: Projected Revenues (other than Tipping Fees):	
A. Recycling Market Revenues	\$235,000
C. Non-Operating Revenues	\$394,000
Total "other" Revenues	<u>\$629,000</u>
Amount to be raised by Tipping Fees	\$10,322,000

Tipping Fee Calculation with Flow Control, no State/County Aid

$$\frac{\text{Revenues Necessary from Tip Fee}}{\text{Est. FY2020 Tonnage}} = \frac{\$10,322,000}{105,000} = \boxed{\$98.30} \text{ per ton}$$

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

Upper Wallkill Facilities

Allocation of Debt Service of Sewer Users (General Charges)

Participant	GPD		FY2020 Projections	% of Total	FY2020 Gen. Charge
Hamburg Borough	238,000	Actual	\$86,870,000	11.82%	\$135,256
Franklin Borough	449,000	Actual	\$163,885,000	22.30%	\$255,168
Wallkill Sewer Co.	70,000	Actual	\$25,550,000	3.48%	\$39,781
HTMUA	242,000	actual(a)	\$88,330,000	12.02%	\$137,530
Sussex Borough	312,000	GMF	\$113,880,000	15.50%	\$177,311
Wantage Twp.	36,500	GMF	\$13,322,500	1.81%	\$20,743
Sparta Twp.	205,000	GMF	\$74,825,000	10.17%	\$116,503
Vernon Twp.	461,000	GMF	\$168,265,000	22.90%	\$261,988
	<u>2,013,500</u>		<u>\$734,927,500</u>	<u>100.00%</u>	<u>\$1,144,280</u>

Allocation of O&M Service of Sewer Users (Operations & Maintenance Charge)

Participant	GPD		FY2020 Projections	% of Total	FY2020 O&M Charge
Hamburg Borough	238,000	Actual	\$86,870,000	11.25%	\$369,864
Franklin Borough	449,000	Actual	\$163,885,000	21.23%	\$697,769
Wallkill Sewer Co.	70,000	Actual	\$25,550,000	3.31%	\$108,784
		GMF/			
HTMUA	312,000	actual(b)	\$113,880,000	14.75%	\$484,864
Sussex Borough	312,000	GMF	\$113,880,000	14.75%	\$484,864
Wantage Twp.	63,000	GMF	\$22,995,000	2.98%	\$97,905
Sparta Twp.	210,000	GMF	\$76,650,000	9.93%	\$326,351
Vernon Twp.	461,000	GMF	\$168,265,000	21.80%	\$716,419
	<u>2,115,000</u>		<u>\$771,975,000</u>	<u>100.00%</u>	<u>\$3,286,820</u>

(a) Debt Service – HTMUA/WVRHS Actual. YMCA 8,000 GMF

(b) O&M Charges – HTMUA GMF (302,000 gpd) + YMCA Actual 6,000 gpd) + WVRHS Actual (4,000 gpd)

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

FY2020 Estimated Total Sewer User Charges

Participant	General Charge	Operating Charge	Proj. FY2020 User Charge	FY2019 Estimated User Charge	% Change
Hamburg Borough	\$135,256	\$369,864	\$505,121	\$472,774	6.8%
Franklin Borough	\$255,168	\$697,769	\$952,938	\$907,275	5.0%
Wallkill Sewer Co.	\$39,781	\$108,784	\$148,565	\$148,586	0.0%
HTMUA	\$137,530	\$484,864	\$622,394	\$652,676	(4.6)%
Sussex Borough	\$177,311	\$484,864	\$662,175	\$702,407	(5.7)%
Wantage Twp.	\$20,743	\$97,905	\$118,648	\$125,701	(5.6)%
Sparta Twp.	\$116,502	\$326,351	\$442,853	\$469,730	(5.7)%
Vernon Twp. (A)	<u>\$1,161,988</u>	<u>\$716,418</u>	<u>\$1,878,406</u>	<u>\$1,787,851</u>	<u>5.1%</u>
Comparison all system users	\$2,044,280	\$3,286,820	\$5,331,100	\$5,267,000	1.2%

(A) Added in Vernon Additional Bonds \$900,000, a \$150,000 increase from FY19

Note: Due to system calculations, rounding error may occur

Upper Wallkill System, Average per 1,000 gallon, sewage treatment calculation.

$$\frac{\$4,431,100}{1,000} = \$4,431.10 \times 0.00142 = \$6.30$$

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Paulinskill Facility – FY2020

a. Paulinskill Facility Proposed FY 2020 Budget		
Debt Service	\$319,000	
O&M	<u>\$335,500</u>	\$654,500
Total Budget		

b. Investment Earnings \$ 3,000

c. Appropriation from Retained Earnings \$ 49,500

d. Connection Fees \$ 2,500

Connection Fee Calculation:

Debt Service Paid:	FY17	\$318,399 audited
	FY18	\$318,286 audited
	FY19	<u>\$320,000 unaudited</u>
Total D/S Paid		\$956,685
Total Number of EDU's in Paulinskill System		749.72
Connection Fee Calculation =	<u>D/S Paid</u>	<u>\$956,685 =</u> 1,276 Per EDU
	EDU's	\$ 750

Total Amount of Other Revenues \$ 55,000

e. Amount to be Raised by User Charges **\$599,500**

f. Calculation of Sewage Treatment Charges

The Service Agreement with Frankford Township indicates that the estimated charge for the Township shall be based on the "Committed Flows"

(B'ville Manor (50 edu's & 14 private residents))

The Service Agreement with Branchville indicates that their Assigned Minimum Flow is 144,000 gpd or (144,000 / 210 = 685.72 edu's)

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

	EDU'S	Gals/ EDU	GPD	%	Debt Service	O&M	Est. FY2020 Annual Charges
Branchville Borough	685.72	210	144,000	91.46%	\$291,768	\$256,555	\$548,323
Township of Frankford	<u>64.00</u>	210	<u>13,400</u>	<u>8.54%</u>	<u>\$ 27,232</u>	<u>\$ 23,945</u>	<u>\$ 51,177</u>
	749.72		157,440	100.00%	\$319,000	\$280,500	\$5995,00

Calculation of Branchville Borough's Est. FY2020 per EDU Charge

<u>D/S & O&M Expenses</u>	=	FY2020 Estimated User Charges
Units		
<u>\$548,323</u>	=	<u>\$800</u> per unit
685.715 EDU's		

Calculation of Frankford Township's Est. FY2020 per EDU Charge

<u>D/S & O&M Expenses</u>	=	FY2020 Estimated User Charges
Units		
<u>\$51,177</u>	=	<u>\$800</u> per unit
64 EDU's		

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Capital Assets

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>FY 2017</u>
Land	3,834	3,834	0	3,834
Improvements	79,555	79,037	518	70,842
Buildings	66,022	66,022	0	66,049
Machinery and Equipment	<u>20,790</u>	<u>20,353</u>	<u>437</u>	<u>19,781</u>
Total Property, Plant and Equipment	170,201	169,246	955	160,506
Less:	<u>(117,333)</u>	<u>(113,136)</u>	<u>(4,197)</u>	<u>(108,702)</u>
Accumulated Depreciation	52,868	56,110	(3,242)	51,804
Construction in Progress	<u>2,358</u>	<u>1,100</u>	<u>1,258</u>	<u>9,020</u>
Net Property, Plant and Equipment	<u>55,226</u>	<u>57,210</u>	<u>(1,984)</u>	<u>60,824</u>

The Authority's on-going capital plan is extensive and reviewed each year by the Authority's outside engineers. Several of the larger future capital improvements are listed below.

Solid Waste Facilities

Landfill Gas System Improvements

The SCMUA is required to manage landfill gas which is created by the decomposition of solid waste. The landfill gas is collected by a series of landfill gas wells and piping which is sold to an on-site vendor. The gas is utilized by the vendor to generate electric power for off site customers. In 2014, the SCMUA completed installation of a temporary landfill cap to reduce leachate volume and improve landfill gas collection. The SCMUA has budgeted funds in 2020 and 2021 to expand and upgrade the collection system. These improvements are designed to control landfill gas emissions.

Mobile Equipment

The SCMUA Solid Waste Facilities relies on a large amount of mobile equipment to perform its mission. In 2019, the SCMUA has budgeted for: a replacement Cat.966 Loader, replacement to the facility truck scale system, and replacement of underground Storage Tanks.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Solid Waste Facilities, (continued)

Leachate Pump Station/Forcemain

In 2019, the SCMUA will continue designing and permitting a leachate pumping station & forcemain project to convey landfill leachate to the Upper Wallkill Facility. This project will be more cost efficient and reduce risks associated with hauling leachate via tanker trucks. This project will be funded through the N.J. Infrastructure Bank and is anticipated to be completed in 2021.

Solid Waste Planning

In 2017, the SCMUA completed construction of a landfill expansion project which is anticipated to allow acceptance of solid waste until 2028. The NJDEP approved Sussex County District Solid Waste Management Plan provides for additional landfill expansions in future years which are projected to extend the landfill life to 2060.

Wastewater Facilities

Upper Wallkill Capital Program

In 2019, a number of projects are proposed utilizing existing Capital Funds. The projects include: SCADA System Upgrade, Replace Belt Filter Press, Replace Underground Storage Tanks and various concrete repairs to the Upper Wallkill Treatment Units and Franklin Regional Pumping Station. No issuance of debt is anticipated.

Debt Administration

Included in the annual service charge the Authority charges its customers an amount equal to the current years debt service. The allocation of debt service is based on the same formula as referenced in the Budgetary Highlights section. The Authority also maintains cash and investments in a sinking fund in an amount no less than what is required to meet the highest debt service requirement in any given year.

Economic Factors, Future Years Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget and service charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments.

Basic Financial Statements

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2019 AND 2018

Exhibit A
Page 1 of 3

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
ASSETS		
Unrestricted Current Assets		
Cash and Cash Equivalents	\$ 14,868,043	\$ 10,614,685
Accounts Receivable (net of allowance for uncollectibles)	1,132,566	1,547,352
Prepaid Expenses	43,406	43,405
Due From Central Services	234,349	276,639
Due From State of New Jersey	143,320	143,320
Total Unrestricted Current Assets	16,421,684	12,625,401
Restricted Current Assets		
Phase 2 Construction Fund		
Cash and Cash Equivalents	518,598	576,912
Due From Central Services	3,376	5,391
Phase 3 Construction Fund		
Cash and Cash Equivalents	260,521	260,521
Renewal and Replacement Fund		
Cash and Cash Equivalents	4,155,197	4,331,080
Current Debt Service Fund		
Cash and Cash Equivalents	2,330,286	2,271,711
Retained Percentages Account		
Cash and Cash Equivalents	21,519	21,519
Operations		
Cash and Cash Equivalents	3,335,650	3,264,500
Cell Closure Account		
Cash and Cash Equivalents	3,224,740	3,924,189
Due From NJEIT	103,708	414,835
Due From Central Services	4,501	5,881
Landfill Postclosure Account		
Cash and Cash Equivalents	128,869	191,980
Investments	10,918,049	10,548,724
Unemployment Trust Fund		
Cash and Cash Equivalents	252,776	253,641
Investments	388,111	386,720
Total Restricted Current Assets	25,645,901	26,457,604
Total Current Assets	42,067,585	39,083,005

See accompanying Notes to the Financial Statements.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2019 AND 2018**

Exhibit A
Page 2 of 3

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Non-Current Assets		
Capital Assets		
Land	3,833,925	3,833,925
Improvements	79,554,656	79,036,503
Buildings	66,022,055	66,022,055
Machinery and Equipment	20,790,473	20,353,163
Accumulated Depreciation	(117,332,751)	(113,135,963)
Construction in Progress	<u>2,357,699</u>	<u>1,100,215</u>
Total Non-Current Assets	<u>55,226,057</u>	<u>57,209,898</u>
Total Assets	<u>97,293,642</u>	<u>96,292,903</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - PERS	1,626,149	2,769,632
Deferred Outflows - OPEB	517,447	565,745
Deferred Loss on Refunding of Debt	<u>1,274,561</u>	<u>1,355,128</u>
Total Deferred Outflows of Resources	<u>3,418,157</u>	<u>4,690,505</u>
 Total Assets and Deferred Outflows of Resources	\$ <u>100,711,799</u>	\$ <u>100,983,408</u>
 LIABILITIES		
Current Liabilities (Payable from Unrestricted Assets)		
Payroll Taxes Payable	\$ 1,498	\$ 2,045
Accounts Payable	648,856	709,058
Accounts Payable - PERS	449,041	464,082
Due to Other Funds	242,226	287,911
Escrow Deposits	4,646	4,646
Bonds and Loans Payable - Current Portion	866,394	856,393
Accrued Interest on Loans	<u>30,167</u>	<u>33,167</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>2,242,828</u>	<u>2,357,302</u>
Current Liabilities (Payable from Restricted Assets)		
Accounts Payable - Cell Closure	147,377	30,075
Retainage Payable	21,519	21,519
Lease Payable	193,740	512,389
Bonds and Loans Payable - Current Portion	2,197,713	2,130,167
Accrued Interest on Bonds	<u>910,133</u>	<u>766,190</u>
Total Current Liabilities Payable from Restricted Assets	<u>3,470,482</u>	<u>3,460,340</u>
 Total Current Liabilities	<u>5,713,310</u>	<u>5,817,642</u>

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Non-Current Liabilities		
Net Pension Liability - PERS	8,318,076	9,186,443
Net OPEB Liability	11,265,048	13,463,578
Planning Loan - County of Sussex	324,949	343,599
Accrued Liabilities - Closure and Postclosure Costs	14,237,753	14,602,108
Accrued Liabilities - Compensated Absences	712,369	811,220
USDA Loans Payable	7,407,570	7,530,282
NJEIT Loans Payable	6,043,626	7,221,147
Revenue and Refunding Bonds Payable	<u>36,192,835</u>	<u>36,772,967</u>
Total Non-Current Liabilities	<u>84,502,226</u>	<u>89,931,344</u>
Total Liabilities	<u>90,215,536</u>	<u>95,748,986</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - PERS	3,225,618	3,262,599
Deferred Inflows - OPEB	8,140,777	6,497,113
Bond Premiums - Net	<u>607,361</u>	<u>657,561</u>
Total Deferred Inflows of Resources	<u>11,973,756</u>	<u>10,417,273</u>
Total Liabilities and Deferred Inflows of Resources	<u>102,189,292</u>	<u>106,166,259</u>
NET POSITION		
Net Investment in Capital Assets	3,448,925	3,383,345
Restricted For:		
Debt Service	1,420,153	1,505,521
Renewal and Replacement	4,155,197	4,331,080
Operations	3,335,650	3,264,500
Landfill Cell Closure/Postclosure	(5,263)	453,426
Unemployment Trust	640,887	640,361
Unrestricted		
Designated	535,547	462,847
Undesignated	<u>(15,008,589)</u>	<u>(19,223,931)</u>
Total Net Position	<u>\$ (1,477,493)</u>	<u>\$ (5,182,851)</u>

See accompanying Notes to the Financial Statements.

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2019 AND 2018

Exhibit B
Page 1 of 2

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
OPERATING REVENUES		
User Charges	\$ 7,509,067	\$ 7,326,552
Treatment of Sludge, Septage and Leachate	1,245,709	1,205,647
Operating and Maintenance Charges - Municipal	176,500	176,500
Tipping Fees	11,860,873	11,578,103
Recycling Markets	165,570	223,121
Connection Fees	363,299	87,429
Operating Grants	662,565	331,921
Finance Charges	13,496	40,168
Interest	262,441	147,586
Miscellaneous	366,966	223,016
	22,626,486	21,340,043
OPERATING EXPENSES		
Administration, Operating, Maintenance and Reserves	13,533,857	15,424,654
Other	2,150	7,223
Depreciation	4,861,070	4,736,509
	18,397,077	20,168,386
	4,229,409	1,171,657
OPERATING INCOME (LOSS)		
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	302,630	160,587
Budget Appropriation - Renewal and Replacement	681,000	1,156,000
Budget Appropriation - Cell Closure	300,000	861,000
Budget Appropriation - Vernon Rate Stabilization	24,274	22,726
Interest Expense	(637,219)	(646,791)
Accreted Interest on Capital Appreciation Bonds	(1,494,868)	(1,492,289)
Amortization of Bond Discount, Premiums	(30,365)	(30,365)
Investment Expenses	(143,154)	(117,341)

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2019 AND 2018

Exhibit B
Page 2 of 2

	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
NON-OPERATING REVENUES (EXPENSES), cont.		
Debt Issuance Costs		(95,498)
Gain on Disposal of Equipment	99,289	
Other Non-Operating Expenses	(100,000)	(100,000)
Cell Closure Expenditures (Net)	(121,894)	(1,640,933)
Postclosure Expenditures (Net)	<u>596,256</u>	<u>(443,773)</u>
 Total Non-Operating Income (Expenses)	 <u>(524,051)</u>	 <u>(2,366,677)</u>
 CHANGE IN NET POSITION	 <u>3,705,358</u>	 <u>(1,195,020)</u>
 Net Position, December 1, as previously reported	 (5,182,851)	 (3,828,114)
Prior Period Adjustment -		
Adjustment of OPEB Items to Current Amounts		<u>(159,717)</u>
Net Position, December 1, as restated	<u>(5,182,851)</u>	<u>(3,987,831)</u>
 Net Position, November 30,	 <u>\$ (1,477,493)</u>	 <u>\$ (5,182,851)</u>

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF CASH FLOWS
AS OF NOVEMBER 30, 2019 AND 2018

Exhibit C
Page 1 of 2

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 21,384,657	\$ 19,923,097
Cash Received from State of New Jersey	663,065	286,640
Other Operating Receipts	731,109	425,236
Interest Received	565,071	308,173
Cash Paid to Employees	(3,979,841)	(3,945,368)
Cash Paid for Employee Benefits	(2,268,635)	(2,437,871)
Cash Paid to Suppliers and Professional Contractors	(7,734,000)	(8,237,145)
Other Operating Payments	(1,008,092)	(439,243)
Interest Paid	<u>(496,276)</u>	<u>(530,187)</u>
Net Cash Provided by Operating Activities	<u>7,857,058</u>	<u>5,353,332</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Loans Issued		91,469
Debt Issue Costs		(95,498)
Premium Received		284,987
USDA Grants/Loans Received		324,719
Received from NJEIT		1,151,854
Principal Payments on Bonds and Loans	<u>(2,986,559)</u>	<u>(2,473,043)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(2,986,559)</u>	<u>(715,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(1,976,442)	(1,588,819)
Retainage Received		1,156
Vernon Rate Stabilization Appropriation	24,274	
Renewal and Replacement Fund	681,000	1,026,000
Cell Closure Appropriation	300,000	861,000
Investment Expenses	(143,154)	(117,341)
Sales (Purchases) of Investments	<u>(370,716)</u>	<u>(264,819)</u>
Net Cash Provided by Investing Activities	<u>(1,485,038)</u>	<u>(82,823)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,385,461	4,554,997
Cash and Cash Equivalents, December 1,	<u>25,710,738</u>	<u>21,155,741</u>
Cash and Cash Equivalents, November 30,	<u>\$ 29,096,199</u>	<u>\$ 25,710,738</u>
ANALYSIS OF BALANCE AT NOVEMBER 30		
Unrestricted - Cash and Cash Equivalents	14,868,043	10,614,685
Restricted - Cash and Cash Equivalents	<u>14,228,156</u>	<u>15,096,053</u>
	<u>\$ 29,096,199</u>	<u>\$ 25,710,738</u>

See accompanying Notes to the Financial Statements.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 COMBINED COMPARATIVE STATEMENTS OF CASH FLOWS
 AS OF NOVEMBER 30, 2019 AND 2018**

Exhibit C
 Page 2 of 2

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ <u>4,229,409</u>	\$ <u>1,171,657</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,861,070	4,736,509
Interest Received on Non-operating Investments	302,630	160,587
Pension Adjustment - PERS	223,094	407,017
OPEB Adjustment	(506,568)	
Interest Paid	(496,276)	(530,187)
Other Non-Operating Income		152,726
Other Non-Operating Expenses	(1,008,092)	(439,243)
(Increase)/Decrease in Accounts Receivable	365,178	(700,804)
(Increase)/Decrease in Due From Central Services	42,290	(61,500)
(Increase)/Decrease in Due From State of New Jersey		143,320
(Increase)/Decrease in Prepaid Expenses		13,857
Increase/(Decrease) in Current Liabilities Payable from Unrestricted Assets	(56,826)	228,858
Increase/(Decrease) in Non-Current Liabilities	<u>(98,851)</u>	<u>70,535</u>
Total Adjustments	<u>3,627,649</u>	<u>4,181,675</u>
Net Cash Provided by Operating Activities	\$ <u><u>7,857,058</u></u>	\$ <u><u>5,353,332</u></u>

See accompanying Notes to the Financial Statements.

Notes to Financial Statements

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019

1. **General**

The Sussex County Municipal Utilities Authority, herein referred to as the "Authority", is a public body politic and corporate, constituting a political subdivision of the State of New Jersey organized and existing under the provisions of Municipal Utilities Authority Law (New Jersey Revised Statutes 40:14B-1 et seq.) constituting Chapter 183 of the Pamphlet Laws of 1957, and was created by virtue of a resolution of the Board of Chosen Freeholders of the County of Sussex, hereinafter referred to as the "County", adopted August 10, 1971. The Authority is a component unit of the County of Sussex, New Jersey. As a public body, under existing statute, the Authority is exempt from both federal and state income taxes.

Wastewater

On December 1, 1973, a service contract was entered into between the Sussex County Municipal Utilities Authority and the County of Sussex. Among other things, this contract obligated the Authority to proceed with the planning and studying of the feasibility of the construction and acquisition of such sewerage and water systems and the County to appropriate moneys for the purposes of the Authority and to lend or donate such moneys to the Authority and, after commencement of operation of any such sewerage system or water system, to pay to the Authority such sum or sums of money as may be necessary to provide for deficits (if any) resulting from failure or disability of the Authority to derive adequate revenues from the operation of any such sewerage system or water system.

The Service Contract was approved by the Authority at a meeting of the Authority held on December 19, 1973 and by the County of Sussex at a meeting of the Board of Chosen Freeholders held on December 27, 1973. The following is an extract from the 1973 Service Contract:

Section 412. **Repayments to County**

- A. The Authority shall repay to the County (a) all moneys lent by the County to the Authority and (b) all moneys advanced by the County for the payment of any Temporary Bonds, which repayment by the Authority to the County shall be made without interest from (i) the proceeds of bonds or Temporary Bonds issued to finance the costs of construction or acquisition of any System for which such moneys were paid by the County to the Authority, or (ii) any moneys received by the Authority from the United States of America, the State of New Jersey, or such agencies of either as grants-in-aid of financing such System.

- B. The Authority shall repay to the County all Annual Charges paid by the County to the Authority under this Agreement, which repayment by the Authority to the County shall be made without interest out of Surplus Funds of the Authority.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

1. General (continued)

Wastewater (continued)

- C. The Authority shall repay to the County all moneys paid by the County, on or prior to the date of this agreement for or in connection with the Sewerage Systems set forth in Schedule A of the service contract, which repayment by the Authority to the County with respect to any particular Sewerage System shall be made without interest from (i) the proceeds of Bonds or Temporary Bonds issued to finance the cost of construction of such particular Sewerage System or (ii) any money received by the Authority from the United States of America, the State of New Jersey, or agencies of either as grants-in-aid of financing such particular Sewerage System.

As of November 30, 2019, the following amount is due to the County of Sussex:

Under the 1973 Service Contract	<u>\$324,949</u>
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Upper Wallkill System

The Sussex County Municipal Utilities Authority has entered into Service Contracts and Customer Agreements for the Upper Wallkill System as follows:

February 11, 1981	- Borough of Franklin (Local Service Contract)
February 11, 1981	- Borough of Hamburg (Local Service Contract)
November 22, 1982	- The Wallkill Sewer Co. (Customer Agreement)
January 15, 1987	- Township of Hardyston, M.U.A. (Local Service Contract)
August 12, 1992	- Borough of Sussex (Local Service Contract)
April 4, 2001	- Township of Wantage (Local Service Contract)
July 18, 2001	- Township of Sparta (Local Service Contract)
November 2, 2005	- Township of Vernon (Local Service Contract)

Under the terms of the service contracts, participating users agree to have sewage treated and disposed of by the Authority, and to pay for same by means of Annual Charge.

Hampton Commons System

The Authority has entered into sewer contracts and customer agreements for the Hampton Commons Facility as follows:

December 15, 1983	- Hampton Commons Homeowners Association
July 20, 2005	- Township of Hampton

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

1. **General (continued)**

Wastewater (continued)

Paulins Kill System

The SCMUA and Borough of Branchville entered into a service contract on September 10, 2008.

The SCMUA and Township of Frankford entered into a service contract on November 24, 2010.

Developers Agreements

The Authority has entered into an escrow agreement with the Montague Sewer Company, dated March 14, 1990 designating the Authority as the sole permittee on the application to the NJDEP for a NJPDES permit of construction and operation of a 720,000 gallon per day sewerage treatment facility to serve High Point Country Club. The escrow agreement provides for the set up of an escrow account to pay for all the Authority's authorized costs in obtaining the permits.

On September 16, 2003, the Authority executed an Escrow Agreement with Frankford Township in order to pay all costs associated with the 180,000 GPD wastewater treatment and disposal needs for the Frankford Township Town Center Development. All legal, engineering, financial and environmental studies required for the project development shall be financed through the escrow account.

Solid Waste

By resolution of the Board of Chosen Freeholders of Sussex County (the "County"), duly adopted December 23, 1986, the Authority was designated by the County in the Solid Waste Management Plan as the agency which will be responsible for the acquisition, construction, maintenance and operation of facilities for the processing and disposal of solid waste in the County in an environmentally sound manner.

On April 28, 1987, an agreement was entered into, between the Sussex County Municipal Utilities Authority and the County of Sussex. Among other things, this agreement authorized the Authority to construct and operate a Solid Waste System to collect, treat, recycle and dispose of solid waste and to establish service charges and annual charges. Initial operation of the landfill was started February 20, 1990. The landfill, together with the Residence Convenience Recycling Center, Leaf Composting Facility and Bulky Waste Processing Facility located on the same site, is serving the solid waste disposal needs of the County.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

1. General (continued)

Solid Waste, (continued)

The following is excerpt of major provisions in the Authority's service contract with the County.

Section 301. Service Charges. With respect to all Solid Waste collected by the System and for all use and services of the System, the Authority will charge Service Charges in accordance with the Act. The Authority shall give notice to the County of any rate hearings to be conducted pursuant to N.J.S.A. 40:14B-23. Said Service Charges shall be established at rates estimated to be sufficient to provide for the receipt by the Authority in each Fiscal Year (beginning with the Fiscal Year in which the Authority commences operations) the sum of money at least equal to the sum of all the amounts necessary in such Fiscal Year (to the extent not provided from other funds including Bond proceeds) (1) to pay or provide for the expenses of operation and maintenance of the System and the principal of and interest on any and all Bonds as the same become due and (2) to maintain such reserves or sinking funds as may be required by the terms of any contract of the Authority or any Bond Resolution, or as may be deemed necessary or desirable by the Authority, and (3) to comply in all respects with the terms and provisions of any Bond Resolution and with the Act, but nothing contained in this section or in this Agreement shall be less than sufficient to comply with the foregoing requirement, provided that the County shall have given its written consent in the manner herein provided to such lesser Service Charges.

Section 302. Annual Charges. For the initiation of the Project and for the collection, treatment, recycling and disposal of Solid Waste originating in the County and to assure continuance of such collection, treatment, recycling and disposal of Solid Waste at reasonable rates of Service Charges the Authority will charge the County and the County shall make payment to the Authority of Annual Charges computed and to be paid as set forth in this Agreement. Annual Charges shall be payable with respect to each year the Agreement is in effect. The Annual Charges made and to be charged by the Authority to, and payable by, the County for or with respect to each year shall be the sum of money equal to the excess (if any) of:

- (A) The sum of all of the amounts expended in the Fiscal Year of the Authority ending in such year (1) to pay or provide for the expenses of construction, acquisition, operation and maintenance of the System, as well as administrative and other expenses of the Authority related to the system prior to placing the System in operation, and the principal of and interest on all Bonds as the same become due, and (2) to maintain such reserves or sinking funds as may be required by the terms of any contract of the Authority or any Bond Resolution, or as may be deemed necessary by the Authority, and (3) to comply in all respects with the terms of the Bond Resolution and with the Act; over

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

1. **General (continued)**

Solid Waste, (continued)

- (B) The sum of the following amounts to the extent used to pay or provide for the amounts described in subparagraph A of this Section: (1) Service Charges collected by the Authority, (2) the proceeds of bonds received by or for the account of the Authority, (3) the proceeds of insurance awards received by or for the account of the Authority with respect to the System, (4) contributions received by or for the account of the Authority with respect to the System and not under any circumstances repayable by the Authority until after the payment in full of other obligations of the Authority including its Bonds, original or refunding or both, or (5) any other funds on hand and available therefore. The Authority is obligated to apply all such sums to pay or provide for the amounts described in subparagraph A of the service contract

2. **Summary of Significant Accounting Policies**

The following is a summary of the more significant accounting policies:

A. **Basis of Financial Statements**

The Authority's financial transactions are recorded in accounts that are created by various resolutions adopted by the Authority to meet bond covenant requirements (more fully defined in Note 2I).

The financial statements of the Sussex County Municipal Utilities Authority have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant of the Authority's accounting policies are described as follows.

B. **Fund Accounting**

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into one generic fund type and one broad fund category, as follows:

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

B. **Fund Accounting, (continued)**

Proprietary Fund Types

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal services. The following is a description of the Proprietary Funds of the Authority:

Enterprise Funds

The Enterprise funds are used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing bases be financed or recovered primarily through user charges.

Internal Service Fund

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

C. **Reporting Entity**

The Authority's financial statements include the accounts of all operations of the Authority. The Authority, as a component unit of the County of Sussex, State of New Jersey, is financially accountable to the County. As set forth in Government Accounting Standards Board (GASB) 14, as amended by GASB 61, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial statement to or impose a financial burden on the primary government. The Authority, as a component unit, issues separate financial statements from the County of Sussex. However, if the County presented its financial statements in accordance with accounting principles generally accepted in the United States of America, these financial statements would be includable with the County's on a blended basis.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

D. **Grants**

Contributions received from various sources as grants are recorded in the period received. Developer-financed construction is recorded in the period in which applicable construction costs are incurred. Grants not externally restricted and utilized to finance operations are identified as non-operating revenues.

Grants externally restricted for non-operating purposes are recorded as contributed capital and identified as grants in aid.

E. **Measurement Focus**

Government-wide Financial Statements

The government-wide statements (i.e., the statement of net position) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Authority are included on the statement of net position.

Fund Financial Statements

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its proprietary activities.

F. **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting.

G. **Property, Plant and Equipment**

Property, Plant and Equipment represents an accumulation of payments made for capital purposes, since the inception of the Authority.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

G. **Property, Plant and Equipment, (continued)**

Property placed in service prior to November 30, 1988, were inventoried and valued by an independent appraisal consultant. Where known, actual original costs were used. When invoices or other supporting data were not readily available, standard costing or normal costing were used. In standard costing, property units/groups not reconciled to an historical cost receive an estimated cost, where possible, based on a standard cost - a known average installed cost for a like unit at the estimated acquisition date. The unit's age is estimated based on observed condition, manufacturer's name, model, serial number, age of the facility, and other factors. In normal costing, where the preceding technique cannot be employed to apply historical cost, cost is estimated based on a present cost of reproduction newly indexed by a reciprocal factor of the price increase from the estimated date acquired to the appraisal date.

The appraised values are based on construction replacement costs and do not include "soft costs" consisting mainly of architect, engineering, legal, financing and site preparation costs. The appraised values have been adjusted to include identifiable "soft costs." All property placed into service subsequent to November 30, 1988 is valued at cost. Land is valued at cost.

Property, plant and equipment includes:

<u>Fiscal Year Ended Nov. 30, 2019:</u>	<u>Upper Wallkill Facilities Fund</u>	<u>Hampton Commons Facilities Fund</u>	<u>Solid Waste Facilities Fund</u>	<u>Paulins Kill Water Reclamation Project</u>	<u>Wallkill Watershed Project</u>	<u>Total</u>
Capital Assets Not Being Depreciated:						
Land	573,834	32,741	2,770,568	456,782		3,833,925
Construction in Progress	<u>1,153,015</u>	<u> </u>	<u>1,204,684</u>	<u> </u>	<u> </u>	<u>2,357,699</u>
Total Capital Assets, Not Being Depreciated	<u>1,726,849</u>	<u>32,741</u>	<u>3,975,252</u>	<u>456,782</u>	<u> </u>	<u>6,191,624</u>
Capital Assets Being Depreciated:						
Improvements	22,977,261		56,577,395			79,554,656
Buildings	40,294,624	510,231	12,902,153	12,315,047		66,022,055
Machinery and Equipment	<u>11,287,284</u>	<u>742,270</u>	<u>8,652,399</u>	<u>102,306</u>	<u>6,214</u>	<u>20,790,473</u>
Total Capital Assets, Being Depreciated	74,559,169	1,252,501	78,131,947	12,417,353	6,214	166,367,184
Less:						
Accumulated Depreciation	<u>(51,454,552)</u>	<u>(1,133,884)</u>	<u>(63,783,364)</u>	<u>(958,155)</u>	<u>(2,796)</u>	<u>(117,332,751)</u>
Total Capital Assets Being Depreciated, Net	<u>23,104,617</u>	<u>118,617</u>	<u>14,348,583</u>	<u>11,459,198</u>	<u>3,418</u>	<u>49,034,433</u>
Total Capital Assets, Net	<u>24,831,466</u>	<u>151,358</u>	<u>18,323,835</u>	<u>11,915,980</u>	<u>3,418</u>	<u>55,226,057</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

<u>Fiscal Year Ended Nov. 30, 2018:</u>	Upper Wallkill Facilities Fund	Hampton Commons Facilities Fund	Solid Waste Facilities Fund	Paulins Kill Water Reclamation Project	Wallkill Watershed Project	<u>Total</u>
Capital Assets Not Being Depreciated:						
Land	573,834	32,741	2,770,568	456,782		3,833,925
Construction in Progress	<u>1,090,079</u>	<u> </u>	<u>10,136</u>	<u> </u>	<u> </u>	<u>1,100,215</u>
Total Capital Assets, Not Being Depreciated	<u>1,663,913</u>	<u>32,741</u>	<u>2,780,704</u>	<u>456,782</u>	<u> </u>	<u>4,934,140</u>
Capital Assets Being Depreciated:						
Improvements	22,977,261		56,059,242			79,036,503
Buildings	40,294,624	510,231	12,902,153	12,315,047		66,022,055
Machinery and Equipment	<u>11,185,773</u>	<u>742,270</u>	<u>8,316,600</u>	<u>102,306</u>	<u>6,214</u>	<u>20,353,163</u>
Total Capital Assets, Being Depreciated	74,457,658	1,252,501	77,277,995	12,417,353	6,214	165,411,721
Less:						
Accumulated Depreciation	<u>(48,916,204)</u>	<u>(1,116,600)</u>	<u>(62,464,866)</u>	<u>(636,740)</u>	<u>(1,553)</u>	<u>(113,135,963)</u>
Total Capital Assets Being Depreciated, Net	<u>25,541,454</u>	<u>135,901</u>	<u>14,813,129</u>	<u>11,780,613</u>	<u>4,661</u>	<u>52,275,758</u>
Total Capital Assets, Net	<u>27,205,367</u>	<u>168,642</u>	<u>17,593,833</u>	<u>12,237,395</u>	<u>4,661</u>	<u>57,209,898</u>

A detail of the Authority's property, plant and equipment activity is as follows:

<u>Upper Wallkill Facilities Fund:</u>	<u>Balance</u> <u>Nov. 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2019</u>
Capital Assets Not Being Depreciated:				
Land	573,834			573,834
Construction in Progress	<u>1,090,079</u>	<u>62,936</u>	<u> </u>	<u>1,153,015</u>
Total Capital Assets, Not Being Depreciated	<u>1,663,913</u>	<u>62,936</u>	<u> </u>	<u>1,726,849</u>
Capital Assets Being Depreciated:				
Improvements	22,977,261			22,977,261
Buildings	40,294,624			40,294,624
Machinery and Equipment	<u>11,185,773</u>	<u>101,511</u>	<u> </u>	<u>11,287,284</u>
Total Capital Assets, Being Depreciated	74,457,658	101,511		74,559,169
Less:				
Accumulated Depreciation	<u>(48,916,204)</u>	<u>(2,538,348)</u>	<u> </u>	<u>(51,454,552)</u>
Total Capital Assets Being Depreciated, Net	<u>25,541,454</u>	<u>(2,436,837)</u>	<u> </u>	<u>23,104,617</u>
Total Capital Assets, Net	<u>27,205,367</u>	<u>(2,373,901)</u>	<u> </u>	<u>24,831,466</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

	<u>Balance</u> <u>Nov. 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2019</u>
<u>Hampton Commons Facilities Fund:</u>				
Capital Assets Not Being Depreciated:				
Land	<u>32,741</u>	—	—	<u>32,741</u>
Total Capital Assets, Not Being Depreciated	<u>32,741</u>	—	—	<u>32,741</u>
Capital Assets Being Depreciated:				
Buildings	510,231			510,231
Machinery and Equipment	<u>742,270</u>	—	—	<u>742,270</u>
Total Capital Assets, Being Depreciated	1,252,501			1,252,501
Less:				
Accumulated Depreciation	<u>(1,116,600)</u>	<u>(17,284)</u>	—	<u>(1,133,884)</u>
Total Capital Assets Being Depreciated, Net	<u>135,901</u>	<u>(17,284)</u>	—	<u>118,617</u>
Total Capital Assets, Net	<u>168,642</u>	<u>(17,284)</u>	—	<u>151,358</u>
	<u>Balance</u> <u>Nov. 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2019</u>
<u>Solid Waste Facilities Fund:</u>				
Capital Assets Not Being Depreciated:				
Land	2,770,568			2,770,568
Construction in Progress	<u>10,136</u>	<u>1,194,548</u>	—	<u>1,204,684</u>
Total Capital Assets, Not Being Depreciated	<u>2,780,704</u>	<u>1,194,548</u>	—	<u>3,975,252</u>
Capital Assets Being Depreciated:				
Improvements	56,059,242	518,153		56,577,395
Buildings	12,902,153			12,902,153
Machinery and Equipment	<u>8,316,600</u>	<u>1,000,081</u>	<u>(664,282)</u>	<u>8,652,399</u>
Total Capital Assets, Being Depreciated	77,277,995	1,518,234	<u>(664,282)</u>	78,131,947
Less:				
Accumulated Depreciation	<u>(62,464,866)</u>	<u>(1,982,780)</u>	<u>664,282</u>	<u>(63,783,364)</u>
Total Capital Assets Being Depreciated, Net	<u>14,813,129</u>	<u>(464,546)</u>	—	<u>14,348,583</u>
Total Capital Assets, Net	<u>17,593,833</u>	<u>730,002</u>	—	<u>18,323,835</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

	<u>Balance</u> <u>Nov. 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2019</u>
<u>Paulins Kill Water Reclamation Project::</u>				
Capital Assets Not Being Depreciated:				
Land	456,782			456,782
Construction in Progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets, Not Being Depreciated	<u>456,782</u>	<u> </u>	<u> </u>	<u>456,782</u>
Capital Assets Being Depreciated:				
Buildings	12,315,047			12,315,047
Machinery and Equipment	<u>102,306</u>	<u> </u>	<u> </u>	<u>102,306</u>
Total Capital Assets, Being Depreciated	12,417,353			12,417,353
Less:				
Accumulated Depreciation	<u>(636,740)</u>	<u>(321,415)</u>	<u> </u>	<u>(958,155)</u>
Capital Assets Being Depreciated, Net	<u>11,780,613</u>	<u>(321,415)</u>	<u> </u>	<u>11,459,198</u>
Total Capital Assets, Net	<u>12,237,395</u>	<u>(321,415)</u>	<u> </u>	<u>11,915,980</u>

	<u>Balance</u> <u>Nov. 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2019</u>
<u>Wallkill Watershed Project::</u>				
Capital Assets Being Depreciated:				
Machinery and Equipment	<u>6,214</u>	<u> </u>	<u> </u>	<u>6,214</u>
Total Capital Assets, Being Depreciated	6,214			6,214
Less:				
Accumulated Depreciation	<u>(1,553)</u>	<u>(1,243)</u>	<u> </u>	<u>(2,796)</u>
Capital Assets Being Depreciated, Net	<u>4,661</u>	<u>(1,243)</u>	<u> </u>	<u>3,418</u>
Total Capital Assets, Net	<u>4,661</u>	<u>(1,243)</u>	<u> </u>	<u>3,418</u>

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

G. **Property, Plant and Equipment, (continued)**

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation is provided over the following estimated useful lives:

Buildings	45 years
Land improvements (fencing, roadways, etc.)	20 years
Sewer, water, electric utility lines	30 years
Machinery and equipment	5-15 years
Vehicles	6 years
Landfill Cell #1	8 years
Landfill Phase 2A	6 years
Landfill Phase 2B	6 years
Landfill Phase 3	8 years

H. **Deferred Outflows and Deferred Inflows of Resources**

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

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

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

Deferred Loss on Refunding of Bonds - Deferred loss on refunding arising from the issuance of revenue refunding bonds, is recorded as a deferred outflow of resources. The deferred loss is amortized in a systematic and rational method as a component of interest expense.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

H. **Deferred Outflows and Deferred Inflows of Resources, (continued)**

Bond Premiums - Premiums received in connection with the issuance of long-term debt are recorded as deferred inflows of resources. The premiums are amortized in a systematic and rational method as a component of interest expense.

I. **Restricted Accounts**

Upper Wallkill Facilities Fund:

In accordance with the bond resolutions, (Section 502-513), the Authority has established the following cash and investment accounts for the deposit, in the priority of the order listed, of all revenues received by the Authority:

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Revenue	All revenue received by the Authority. (Section 502-507)	Authorized operating expenses and, as of the first day of each month, transfers to the various accounts described below.
Construction	Proceeds of debt issued and construction grants-in-aid. (Section 513)	Constructions costs of the project system, including improvements and additions.
Bond Service (Current Debt Service)	Amount needed to pay matured principal and interest due on or before the following December 1st (Section 508)	Principal and interest on the bonds.
Bond Reserve (Future Debt Service)	Amount needed to equal the reserve requirement. (Section 510)	Transfers to meet minimum levels required in the bond service or sinking accounts. Any excess may be transferred into the revenue account.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

I. **Restricted Accounts, (continued)**

Upper Wallkill Facilities Fund, (continued):

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Renewal and Replacement	Amount required to equal the reserve requirement. (Section 510)	Reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals.
General	Amount needed to increase the balance to equal the requirements as defined by the resolution	Transfers to meet deficiencies in any fund or account, after which funds may be expended for lawful corporate purpose of the Authority.

In addition, the Authority has also established the following restricted accounts:

1. Retained percentage account into which is deposited amounts withheld from construction contracts.
2. Escrow accounts being held for planning, design and construction of specific projects.
3. Trust accounts to be held in reserve for payroll-related liabilities, such as Unemployment Insurance.

Hampton Commons Facilities Fund:

In accordance with the Authority policies, the Authority has established the following cash and investments accounts for the deposit, in the priority of the order listed, of all revenues received by the Authority:

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

I. Restricted Accounts, (continued)

Hampton Commons Facilities Fund, (continued):

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Operating	All Revenue received by the Authority.	Authorized Operating Expenses.
Renewal and Replacement	Amount determined annually by the Authority.	Reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals.

Other Sewer Companies:

Escrow deposits are being held for the Montague Sewer Co., Frankford Township and Sparta Plaza.

Solid Waste Facility:

In accordance with the Bond resolutions, (Sections 401-406 and 502-512), the Authority has established the following cash and investments accounts for the deposit, in the priority of the order listed, of all revenues received by the Authority:

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Construction	Proceeds of debt issued. (Sections 401-406)	Construction costs of the project system, including improvements and additions.
Revenue	All revenue received by the Authority. (Sections 502-505)	Authorized operating expenses and, as of the first day of each month, transfers to the various accounts.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

I. Restricted Accounts, (continued)

Solid Waste Facility, (continued):

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Operating	All revenue received by the Authority. (Section 506)	Authorized operating expenses.
Bond Service	Amount needed to pay matured principal, interest and redemption premium, if any. (Section 507)	Principal, interest and redemption premium on the bonds and notes.
Bond Reserve (Future Reserve Service)	Amount needed to equal the reserve requirement. (Section 509)	Transfers to meet minimum levels required in the bond service or sinking accounts. Any excess may be transferred into the revenue account.
Renewal and Replacement	Amount required to equal the reserve requirement. (Section 510)	Reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals.
General	Amount needed to increase the balance to equal the requirements as defined by the resolution (Section 511)	Transfers to meet deficiencies in any fund or account, after which funds may be expended for any lawful corporate purpose of the Authority.
Rebate	All monies subject to rebated to the U.S. Government (Section 512)	Rebates to the U.S. Government for non-compliance with I.R.S. Code Code and Arbitrage Regulations.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

I. Restricted Accounts, (continued)

In addition, the Authority has also established the following restricted account:

A Cell Closure Account has been established to set aside moneys to provide for the landfill cell closure.

A Postclosure Account has been established to set aside funds for postclosure monitoring and care.

Retained percentage account derived from amounts withheld from construction contracts.

Paulins Kill Water Reclamation Project:

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Operating	All Revenue received by the Authority.	Authorized Operating Expenses.
Renewal and Replacement	Amount determined annually by the Authority.	Reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals.
Debt Service Account	Amount needed to pay principal and interest due on project loan.	Payment of principal and interest on project loan.

J. Interest Income from Operating Investments

These amounts include interest earned on all of the Authority's accounts except as described below:

Upper Wallkill Facilities Fund	- Renewal and Replacement Account.
Solid Waste Facilities Fund	- Cell Closure Escrow, Postclosure Care Escrow and Renewal and Replacement Account.
Hampton Commons Facilities Fund	- Renewal and Replacement Account.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

K. Accrued Liability for Closure and Postclosure Costs

The accrued liability for closure and postclosure costs represent funds collected as part of the solid waste tariff, which are required to be established to pay for the cost of closure and postclosure of landfills. These amounts are based upon engineering studies which are revised on a yearly basis. These studies are the basis for any adjustments to these accruals at year end.

At November 30, 2019, there is a deficiency of \$(5,263) in the Authority's Cell Closure/Postclosure Reserve.

Additionally, the Sussex County Municipal Utilities Authority has obtained a Major SWF Permit Modification Application to the NJDEP that authorizes a vertical and horizontal expansion of the existing SCMUA landfill that will increase the landfill's solid waste disposal capacity and optimize the landfill's lifespan for an approximate additional 50 years. Based on this permit approval, the Sussex County Municipal Utilities Authority entered into a construction contract to expand the landfill life. This project was financed through the New Jersey Environmental Infrastructure Trust. The project was completed in late 2017 which will extend the landfill life to 2028. Additional landfill expansion phases will be necessary to realize the additional 50 years of landfill life.

L. Accumulated Unpaid Vacation and Sick Pay

Sussex County Municipal Utilities Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days up to the actual days accrued in accordance with the Authority's personnel manual. Reimbursement for accumulated sick leave is provided to employees upon termination or retirement, based upon conditions explained in the Sussex County Municipal Utilities Authority's personnel manual. Employees hired prior to January 1, 2009 shall be paid one-half of unused sick leave to a maximum of \$20,000. Employees hired after January 1, 2009 are limited to a maximum of \$15,000 for one-half of unused sick leave.

Accumulated unpaid vacation and sick days are accrued when incurred in all funds.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine the useful lives of depreciable assets, remaining life of landfill for closure and cell closure liabilities, and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

N. Interfunds Receivable and Payable

During the course of its operations, the Authority has numerous transactions between funds to finance operations, provide services, construct assets, and service debts. To the extent that certain transactions between the accounts had not been paid or received as of the balance sheet dates, balances of interfund amounts receivable and payable have not been recorded.

O. Inventory

The Authority does not record inventory on its balance sheets. The costs of inventory items are deemed immaterial and are recognized as expenditures when purchased.

P. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Q. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

R. Recent Accounting Pronouncements

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

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The Authority is currently reviewing what impact, if any, this Statement might have.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Authority believes this Statement will have no impact on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Authority is currently evaluating the effects, if any, this Statement may have on future financial statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

R. **Recent Accounting Pronouncements, (continued)**

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, Leases, which is intended to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, as a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The Authority believes this may impact the disclosures relating to debt in the notes to the financial statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. **Summary of Significant Accounting Policies, (continued)**

R. **Recent Accounting Pronouncements, (continued)**

In June 2018, the Government Accounting Standards Board issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. This Statement is effect for fiscal years beginning after December 15, 2019, though earlier application is encouraged. The Authority believes this Statement may impact the reporting of certain interest payments previously recorded as capital expenditures.

In August 2018, the Government Accounting Standards Board issued GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The Authority does not believe this Statement will have any effect on future financial statements.

In May 2019, the Government Accounting Standards Board issued GASB Statement No. 91, *Conduit Debt Obligation*. This Statements provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in the practice associated with (1) commitments extended by issuers, (2) arrangements associated with the conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definitions of a conduit debt obligation; establishing that conduit debt obligation is not a liability of the issuer; accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. The Authority does not believe this Statement will have any effect on future financial statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

R. Recent Accounting Pronouncements, (continued)

In January 2020, the Government Accounting Standards Board issued GASB Statement No. 92, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The Authority does not believe this Statement will have any effect on future financial statements.

In March 2020, the Government Accounting Standards Board issued GASB Statement No. 93, Replacement of Interbank Offering Rates. The objective of this Statement is to address certain issues with Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, Statement No. 87, *Leases*, as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. The Authority does not believe this Statement will have any effect on future financial statements.

In March 2020, the Government Accounting Standards Board issued GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

R. Recent Accounting Pronouncements, (continued)

a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Authority does not believe this Statement will have any effect on future financial statements.

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 90, *Majority Equity Interests*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*; Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*; Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*; Implementation Guide No. 2019-2, *Fiduciary Activities*. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, *Leases*; Implementation Guide No. 2019-3, *Leases*. The requirements of this Statement are effective immediately.

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

2. Summary of Significant Accounting Policies, (continued)

R. Recent Accounting Pronouncements, (continued)

subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Authority is still determining the effects, if any, this statement will have on future financial statements.

S. Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. State and federal grants for the operation of the Authority are considered operating revenues. Transactions or other events that are both unusual in nature and infrequent in occurrence are reported as extraordinary items.

3. Cash and Cash Equivalents

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

3. Cash and Cash Equivalents, (continued)

As of November 30, 2019, cash and cash equivalents of the Sussex County Municipal Utilities Authority consisted of the following:

Upper Wallkill Facilities Fund

	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Savings/ Money Market Accounts</u>	<u>Total</u>
Petty Cash	400			400
Revenue Account			1,837,706	1,837,706
Operating Account		123,761		123,761
Vernon Twp. Rate Stabilization Fund		325,323		325,323
Current Debt Service			2,587,947	2,587,947
Phase III Construction		260,521		260,521
General Fund			4,224,286	4,224,286
Renewal and Replacement			1,905,070	1,905,070
Phase II Construction			415,895	415,895
Future Debt Service			1	1
Retainage Account		<u>14,082</u>		<u>14,082</u>
	<u>400</u>	<u>723,687</u>	<u>10,970,905</u>	<u>11,694,992</u>

Balance Sheet Classification

Unrestricted Assets	5,889,696
Restricted Assets	<u>5,805,296</u>
	<u>11,694,992</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

3. **Cash and Cash Equivalents, (continued)**

Solid Waste Facilities Fund

	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Savings/ Money Market Accounts</u>	<u>Total</u>
Petty Cash	2,100			2,100
Revenue Account			1,170,961	1,170,961
Operating Account		1,040,704		1,040,704
Construction Fund		9,100	93,603	102,703
Renewal and Replacement Fund			2,183,240	2,183,240
Cell Closure Account		3,136,376		3,136,376
Landfill Postclosure Account			128,869	128,869
Retained Percentages Account		7,437		7,437
Planning Account		54,459		54,459
General Fund			<u>7,838,651</u>	<u>7,838,651</u>
	<u>2,100</u>	<u>4,248,076</u>	<u>11,415,324</u>	<u>15,665,500</u>

Balance Sheet Classification

Unrestricted Assets	7,721,511
Restricted Assets	<u>7,943,989</u>
	<u>15,665,500</u>

Hampton Commons Facilities Fund

Operating Account	178,561		178,561
Renewal and Replacement Fund	<u>46,548</u>		<u>46,548</u>
	<u>225,109</u>		<u>225,109</u>

Balance Sheet Classification

Unrestricted Assets	178,561
Restricted Assets	<u>46,548</u>
	<u>225,109</u>

Paulins Kill Water Reclamation Project

Operating Account	47,485		47,485
Revenue Fund		5,000	653,172
Debt Service Fund			161,025
Renewal and Replacement Fund			<u>20,339</u>
	<u>52,485</u>	<u>834,536</u>	<u>887,021</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

3. Cash and Cash Equivalents, (continued)

	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Savings/ Money Market Accounts</u>	<u>Cash on Hand</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				707,474
Restricted Assets				<u>179,547</u>
				<u>887,021</u>
<u>Internal Service Fund</u>				
Revenue Operating Account		26,768		26,768
Payroll Account		214,238		214,238
Unemployment Trust Fund	—	<u>252,776</u>	—	<u>252,776</u>
	=	<u>493,782</u>	=	<u>493,782</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				241,006
Restricted Assets				<u>252,776</u>
				<u>493,782</u>
<u>Other Sewer Companies</u>				
Escrow Accounts	—	<u>4,646</u>	—	<u>4,646</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				<u>4,646</u>
<u>Wallkill Watershed Fund</u>				
Operating Account	—	<u>125,149</u>	—	<u>125,149</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				<u>125,149</u>
<u>Grand Total</u>				
Unrestricted				14,868,043
Restricted				<u>14,228,156</u>
				<u>29,096,199</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

3. Cash and Cash Equivalents, (continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority's policy is based on New Jersey Statutes that require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a). As of November 30, 2019, \$-0- of the Authority's bank balance of \$29,670,094 was exposed to custodial credit risk.

4. Investments

Investments are stated at cost, which approximates market. The Authority classifies certificates of deposit which have maturity dates of more than three months from the date of purchase, as investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment maturities are limited by its bond indentures as described below as a means of managing its exposure to interest rate risk. Additionally, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Monies in the funds established under the Resolutions may be invested at the Authority's direction in Investment Obligations, which are defined by the Resolutions.

Monies in the funds established under the Resolution, on instructions signed by an officer of the Authority, shall be so invested as aforesaid but only within the following limitations of maturity computed from the date of purchase or deposit:

Upper Wallkill Facilities Fund

Revenue Fund: a maximum of 180 days.

Bond Service Fund or Sinking Fund: In the amounts and at the times necessary to provide funds when needed to make the applicable payments, as determined by the Trustee.

Bond Reserve Fund: a maximum of 15 years but not to exceed the final term of any Bonds issued under the Resolution.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

4. **Investments, (continued)**

Renewal and Replacement Fund: a maximum of 3 years.

General Fund: no limitation.

Construction Fund: In the amounts and at the times necessary to provide funds when needed for the payments stated in the certificate of the Consulting Engineer.

Solid Waste Facilities Fund

Operating Fund: No Limitation.

Bond Service Fund or Sinking Fund: In the amounts and at the times necessary to permit funds to be available for the payment of the principal or the redemption premium, if any, and the interest on the Revenue Bonds.

Construction Fund: In the amounts and at the times necessary to provide funds when needed to pay the costs of the project.

Rebate Fund: In the amounts and at such times as will permit funds to be available when needed to make payments to the United States Government.

Bond Reserve Fund: Equal to the lesser of maximum Bond Service and the maximum amount permitted under the code.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The types of allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States; obligations of federal agencies not exceeding 397 days; bonds or other obligations of the local unit or school districts of which the local unit is a part; government money market mutual funds; local government investment pools; the State of New Jersey Cash Management Fund or agreements to repurchase fully collateralized securities as described in the Statutes.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

4. Investments, (continued)

At November 30, 2019, the Authority had the following investments:

Landfill Postclosure Account:

Investment Type	Average Credit/Quality Ratings (1)	Face Amount	Carrying Amount	Investment Maturities (in Years)		
				<1	1-5	6-10
FHLMC Mtn	AA+	480,000	478,650	249,501	229,149	
FHLMC Multiclass Mtg Part	N/A	266,814	266,767		217,146	49,621
FNMA	AA+	360,000	359,028		359,028	
FNMA Deb.	AA+	185,000	184,657	99,936	84,721	
FNMA Gtd. REMIC	N/A	35,406	36,018			36,018
Federal Farm Credit Banks	AA+	425,000	423,913	204,926	218,987	
Federal Home Loan Banks	AA+	1,530,000	1,530,312	235,726	1,046,990	247,596
Tennessee Valley Authority	AA+	70,000	69,849	69,849		
Us Treasury Bonds	Aaa	295,000	367,256		268,158	
Us Treasury Notes	Aaa	6,970,000	6,982,534	809,351	3,462,233	2,710,950
Fresb. Multifamily Mortgage	N/A	168,014	169,132		125,405	43,727
Private Export Funding	Aaa	50,000	49,933		49,933	
		<u>10,835,234</u>	<u>10,918,049</u>	<u>1,768,387</u>	<u>6,061,750</u>	<u>3,087,912</u>

(1) Ratings are provided where applicable to indicate the associated credit risk.

Unemployment Trust Fund:

13 Month Certificate of Deposit	\$141,126
13 Month Certificate of Deposit	<u>246,985</u>
	<u>\$388,111</u>

5. Long Term Obligations

Changes in long-term obligations for the fiscal year ended November 30, 2019 are as follows:

	Balance 11/30/18 Restated	Issues or Additions	Payments or Expenditures	Balance 11/30/19	Amount Due Within One Year
Compensated Absences	811,220		98,851	712,369	
Planning Loan:					
County of Sussex	343,599		18,650	324,949	
Net OPEB Obligation Payable	13,463,578		2,198,530	11,265,048	
Net Pension Liability	9,186,443		868,367	8,318,076	
Bonds and Notes Payable:					
Wastewater Program	46,433,416	1,494,868	2,130,166	45,798,118	2,197,713
Solid Waste Program	8,077,540		1,167,520	6,910,020	866,394
Accrued Liabilities - Landfill Closure/Postclosure	14,602,108		364,355	14,237,753	
	<u>92,917,904</u>	<u>1,494,868</u>	<u>6,846,439</u>	<u>87,566,333</u>	<u>3,064,107</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable

As of November 30, 2019 and 2018, the Authority has the following principal amount of debt outstanding and unamortized losses from refunding transactions.

	<u>Balance</u> <u>11/30/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>11/30/19</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
<u>Upper Wallkill Facilities Fund:</u>					
2008 Series A Wastewater Revenue Bonds	95,000		95,000	0	
2008 Series B Wastewater Revenue Bonds	27,664,447	1,316,380	1,610,000	27,370,827	1,845,000
2012 Wastewater Revenue Refunding Bonds	2,250,000		295,000	1,955,000	120,000
2016 Series A Wastewater Refunding Bonds	3,380,000		10,000	3,370,000	110,000
2016 Series B Wastewater Refunding Bonds	<u>5,393,520</u>	<u>178,488</u>		<u>5,572,008</u>	
	<u>38,782,967</u>	<u>1,494,868</u>	<u>2,010,000</u>	<u>38,267,835</u>	<u>2,075,000</u>

Interest expense on Bonds, including amortization of deferred losses on refundings is comprised of the following:

	<u>2019</u>	<u>2018</u>
Series 2008 A		3,800
Series 2008 B	151,924	91,305
Series 2012	69,406	78,256
Series 2016 A	<u>122,750</u>	<u>122,950</u>
	344,080	296,311
Amortization of Deferred (Gains)/Losses on Refunding:		
2012 and 2016 Refundings	<u>80,567</u>	<u>80,567</u>
	<u>424,647</u>	<u>376,878</u>

Series 2008 Wastewater Revenue Bonds

On September 15, 2009, the Authority issued \$4,095,000 Wastewater Facilities Revenue Bonds Series 2008A and \$23,403,738 Wastewater Facilities Revenue Bonds Series 2008B. These bonds were issued to provide funds that will be used, together with other available funds of the Authority, to: (i) finance planned expansion and upgrades to the Authority's wastewater facilities system; and (ii) pay the costs of issuance of the Bonds.

As described below, a portion of the Series 2008 Series A and B Wastewater Facilities Revenue Bonds were refunded by the issuance of the Series 2016 A and B Wastewater Facilities Revenue Refunding Bonds.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. **Bonds Payable, (continued)**

The unrefunded portion of the Series B Bonds are dated September 15, 2008 and are issued as capital appreciation bonds in the aggregate principal amount of \$18,814,743.40. The Series B Bonds will accrue interest beginning on the date of delivery, and will have interest rates and will mature in various principal amounts as described in the following table with interest payable only at maturity.

<u>Date</u>	<u>Original Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Maturity Amount</u>
12/1/19	\$1,128,900	4.430%	\$716,100	\$1,845,000
12/1/20	1,147,604	4.580%	847,936	1,995,540
12/1/21	1,138,242	4.690%	961,758	2,100,000
12/1/22	1,069,141	4.790%	1,025,859	2,095,000
12/1/23	1,263,940	4.830%	1,356,060	2,620,000
12/1/24	1,193,410	4.910%	1,426,590	2,620,000
12/1/25	1,125,500	4.970%	1,494,500	2,620,000
12/1/26	1,060,209	5.030%	1,559,791	2,620,000
12/1/27	997,565	5.090%	1,622,435	2,620,000
12/1/28	937,515	5.150%	1,682,485	2,620,000
12/1/29	881,866	5.200%	1,738,134	2,620,000
12/1/30	826,924	5.260%	1,793,076	2,620,000
12/1/31	776,254	5.310%	1,843,746	2,620,000
12/1/32	782,176	5.360%	2,032,824	2,815,000
12/1/33	735,124	5.390%	2,074,876	2,810,000
12/1/34	<u>693,480</u>	5.410%	<u>2,116,520</u>	<u>2,810,000</u>
	<u>15,757,850</u>		<u>24,292,690</u>	<u>40,050,540</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

A reconciliation of original payment amounts to carrying value for the unrefunded portion of the 2008 Series B Capital Appreciation Bonds is provided below:

<u>Maturity</u>	<u>Original Principal</u>	<u>Accreted Principal 11/30/19</u>	<u>Carrying Value 11/30/19</u>
12/1/19	\$1,128,900	\$716,100	\$1,845,000
12/1/20	1,147,604	759,057	1,906,661
12/1/21	1,138,242	775,803	1,914,045
12/1/22	1,069,141	748,502	1,817,643
12/1/23	1,263,940	899,027	2,162,967
12/1/24	1,193,410	862,321	2,055,731
12/1/25	1,125,500	826,033	1,951,533
12/1/26	1,060,209	790,218	1,850,427
12/1/27	997,565	754,979	1,752,544
12/1/28	937,515	720,342	1,657,857
12/1/29	881,866	686,152	1,568,018
12/1/30	826,924	653,088	1,480,012
12/1/31	776,254	620,678	1,396,932
12/1/32	782,176	633,094	1,415,270
12/1/33	735,124	599,373	1,334,497
12/1/34	<u>693,480</u>	<u>568,210</u>	<u>1,261,690</u>
	<u>15,757,850</u>	<u>11,612,977</u>	<u>27,370,827</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

Redemption

The Series B Bonds that mature on or before December 1, 2034 are not subject to redemption prior to maturity.

Series 2012 Wastewater Revenue Refunding Bonds

On July 11, 2012, the Sussex County issued \$3,165,000 in Wastewater Revenue Refunding Bonds, Series 2012. The Bonds were issued to provide funds to finance: (i) the current refunding of all of the Authority's \$2,400,000 outstanding Series 2001 Wastewater Facilities Revenue Bonds, Series F, (ii) the advance refunding of \$700,000 of the Authority's \$4,090,000 outstanding Series 2003 Wastewater Facilities Revenue Bonds, Series G and (iii) the costs and expenses incurred in connection with the issuance of the Bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$702,859. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized as a component of interest expense through the year 2027 using the straight-line method.

The Series 2012 Revenue Refunding Bonds are dated July 11, 2012, have interest rates ranging from 3.000% to 4.000%, and will mature in annual installments on December 1, in each year as set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$120,000	4.000%	2026	\$155,000	3.375%
2020	125,000	4.000%	2027	160,000	3.375%
2021	130,000	4.000%	2028	165,000	3.375%
2022	135,000	4.000%	2029	170,000	3.625%
2023	140,000	3.125%	2030	175,000	3.625%
2024	145,000	3.125%	2031	185,000	3.625%
2025	150,000	3.125%			

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

Series 2016 Wastewater Facilities Revenue Refunding Bonds

On June 8, 2016, the Authority issued \$3,390,000 Wastewater Facilities Revenue Refunding Bonds, Series A, and \$4,975,058 Wastewater Facilities Revenue Refunding Bonds, Series B. These Bonds were issued to provide funds to finance: (i) the advance refunding of \$3,345,000 of the Authority's Wastewater Facilities Revenue Bonds, Series 2008 A; (ii) the advance refunding of \$4,821,911 of the Authority's Wastewater Facilities Revenue Bonds, Series 2008 B (Capital Appreciation Bonds); (iii) the premium for the Bond Reserve Surety Bonds to satisfy the Bond Reserve Requirement; and (iv) the costs and expenses incurred in connection with the issuance of the Bonds.

The refunding resulted in a reduction in aggregate debt service payments over the life of the Bonds of \$4,647,673 and achieved a net present value debt service savings of \$2,524,238.

The refunding transaction resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$1,002,204. This difference has been recorded in the financial statements as a deferred outflow of resources and is being amortized as a component of interest expense through the year 2039 using the straight-line method.

The Series A Bonds are dated June 8, 2016, bear interest at rates ranging from 2.00% to 4.00% and mature in various principal amounts as described below on December 1 of each year from December 1, 2017 to December 1, 2039, inclusive. Interest on the Series A Bonds is payable on June 1 and December 1 of each year.

SERIES A MATURITY SCHEDULE

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$110,000	3.00%	2023	\$125,000	4.000%
2020	115,000	3.00%	2024	125,000	4.000%
2021	120,000	3.00%	2025	130,000	4.000%
2022	120,000	4.00%	2026	140,000	4.000%

\$295,000 4.00% Term Bond due December 1, 2028
 \$320,000 4.00% Term Bond due December 1, 2030
 \$345,000 4.00% Term Bond due December 1, 2032
 \$565,000 4.00% Term Bond due December 1, 2035
 \$860,000 3.00% Term Bond due December 1, 2039

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

Mandatory Sinking Fund Redemption

The Series A Bonds maturing on December 1 in each of the years 2028, 2030, 2032, 2035 and 2039 are subject to mandatory sinking fund redemption prior to maturity on December 1 in the years and in the amounts shown below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption:

Term Bonds due December 1, 2028

<u>Year</u>	<u>Principal Amount</u>
2027	\$145,000
2028*	150,000

Term Bonds due December 1, 2030

<u>Year</u>	<u>Principal Amount</u>
2029	\$155,000
2030*	165,000

Term Bonds due December 1, 2032

<u>Year</u>	<u>Principal Amount</u>
2031	\$170,000
2032*	175,000

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

Term Bonds due December 1, 2035

<u>Year</u>	<u>Principal Amount</u>
2033	\$180,000
2034	190,000
2035*	195,000

Term Bonds due December 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2036	\$205,000
2037	210,000
2038	220,000
2039*	225,000

*Term Bond, final maturity.

The Series B Bonds are dated June 8, 2016 and are issued as capital appreciation bonds in the aggregate principal amount of \$4,975,058. The Series B Bonds will accrue interest beginning on the date of delivery, and will have interest rates and will mature in various principal amounts as described in the following table, with interest payable only at maturity:

<u>Date</u>	<u>Original Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Maturity Amount</u>
12/1/35	\$1,082,319	3.190%	\$922,681	\$2,005,000
12/1/36	1,036,004	3.250%	968,996	2,005,000
12/1/37	992,595	3.300%	1,012,405	2,005,000
12/1/38	949,520	3.330%	1,045,480	1,995,000
12/1/39	<u>914,620</u>	3.360%	<u>1,085,380</u>	<u>2,000,000</u>
	<u>4,975,058</u>		<u>5,034,942</u>	<u>10,010,000</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

A reconciliation of original principal amounts to carrying value for the 2016 Series B Capital Appreciation Bonds is provided below:

<u>Maturity</u>	<u>Original Principal</u>	<u>Accreted Principal 11/30/19</u>	<u>Carrying Value 11/30/19</u>
12/1/35	\$1,082,319	\$126,034	\$1,208,353
12/1/36	1,036,004	123,026	1,159,030
12/1/37	992,595	119,759	1,112,354
12/1/38	949,520	115,671	1,065,191
12/1/39	<u>914,620</u>	<u>112,460</u>	<u>1,027,080</u>
	<u>\$4,975,058</u>	<u>\$596,950</u>	<u>\$5,572,008</u>

Solid Waste Facilities Fund:

	<u>Balance Nov. 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Nov. 30, 2019</u>	<u>Amount Due Within One year</u>
NJ Environmental Infrastructure Trust:					
Trust Loan Series 2018A-1	\$1,990,000	\$	\$180,000	1,810,000	\$190,000
Fund Loan Series 2018A-1	<u>6,087,540</u>	<u> </u>	<u>987,520</u>	<u>5,100,020</u>	<u>676,394</u>
	<u>\$8,077,540</u>	<u>\$0</u>	<u>\$1,167,520</u>	<u>\$6,910,020</u>	<u>\$866,394</u>

New Jersey Environmental Infrastructure Financing Program

1. New Jersey Environmental Infrastructure Trust – Trust Loan Series 2018A-1

On May 22, 2018, the Authority issued \$1,990,000 Solid Waste Revenue Trust Loan, Series 2018A-1 (the 2018A-1 Trust Loan) in order to fund the Authority's Landfill Expansion Project.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

The 2018A-1 Trust Loan matures on the dates and in the principal amounts and bear interest at the rates per annum that are set forth below. Interest is payable on the first day of February and August.

<u>Year</u> <u>August 1</u>	<u>Amount</u>	<u>Rate</u>
2020	\$190,000	5.00%
2021	200,000	5.00%
2022	210,000	5.00%
2023	220,000	5.00%
2024	230,000	5.00%
2025	240,000	5.00%
2026	255,000	5.00%
2027	<u>265,000</u>	5.00%
	<u>\$1,810,000</u>	

2. New Jersey Environmental Infrastructure Trust – Fund Loan Series 2018A-1

On May 22, 2018, the Authority issued \$6,538,469 Solid Waste Revenue Fund Loan, Series 2018A-1 (the 2018A-1 Fund Loan) in order to fund the Authority's Landfill Expansion Project.

The 2018A-1 Fund Loan matures on the dates and in the principal amounts that are set forth below. The 2018A-1 Fund Loan bears interest at the rate of zero percent (0%) per annum.

<u>Year</u> <u>February 1</u>	<u>Amount</u>	<u>Year</u> <u>August 1</u>	<u>Amount</u>	<u>Fiscal year</u> <u>Total</u>
2020	\$225,465	2020	\$450,929	\$676,394
2021	225,464	2021	450,929	676,393
2022	225,465	2022	450,929	676,394
2023	225,464	2023	450,929	676,393
2024	225,465	2024	450,929	676,394
2025	225,464	2025	450,929	676,393
2026	225,464	2026	450,929	676,393
2027	225,464	2027	139,802	<u>365,266</u>
				<u>\$5,100,020</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

Interest expense on Bonds, including amortization of deferred losses on refundings is comprised of the following:

	<u>2019</u>	<u>2018</u>
NJEIT Series 2018A-1	<u>\$96,446</u>	<u>\$150,694</u>

	Balance Nov. 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance Nov. 30, <u>2019</u>	Amount Due Within <u>One year</u>
USDA Rural Development Loans	<u>\$7,650,449</u>	<u>\$ -0-</u>	<u>\$120,166</u>	<u>\$7,530,283</u>	<u>\$122,713</u>

Interest expense on loans is comprised of the following:

	<u>2019</u>	<u>2018</u>
USDA Rural Development Loans	<u>\$196,693</u>	<u>\$199,786</u>

Paulinskill Water Reclamation System

The Authority has entered into loan agreements with the United States Department of Agriculture in order to fund \$10,210,000 outstanding Paulinskill Basin Water Reclamation System Project Notes, Series 2015 issued to provide funds for the construction of a centralized wastewater collection and treatment system to serve the needs of the Borough of Branchville and the Township of Frankford. Under this agreement, the Authority was awarded grants of \$5,629,500 and was issued loans in the amount of \$7,825,000 under the U.S.D.A. Rural Development Program. These loans have interest rates and terms as follows:

<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>
\$5,496,000	2.750%	40 Years
757,000	2.250%	40 Years
1,572,000	2.250%	40 Years

Payments of principal and interest are due twice annually in June and December of each year. The loans have a final maturity in 2056.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

Principal and interest due on outstanding bonds and loans is as follows:

Upper Wallkill Facilities Fund

<u>Fiscal</u> <u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	3.00-4.43%	\$2,075,000	\$188,106	\$2,263,106
2021	3.00-4.58%	2,146,661	268,170	2,414,831
2022	3.00-4.69%	2,164,045	357,161	2,521,206
2023	4.00-4.79%	2,072,643	439,063	2,511,706
2024	3.125-4.91%	2,427,967	608,952	3,036,919
2025-2029	3.125-5.09%	10,733,093	4,440,904	15,173,997
2030-2034	3.375-5.36%	8,569,728	6,612,535	15,182,263
2035-2039	3.00-5.41%	6,826,618	5,129,757	11,956,375
2040	3.00-3.60%	<u>1,252,080</u>	<u>976,295</u>	<u>2,228,375</u>
		<u>\$38,267,835</u>	<u>\$19,020,943</u>	<u>\$57,288,778</u>

Solid Waste Facilities Fund

<u>Fiscal</u> <u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	5.00%	\$866,394	\$90,500	\$956,894
2021	5.00%	876,393	81,000	957,393
2022	5.00%	886,394	71,000	957,394
2023	5.00%	896,393	60,500	956,893
2024	5.00%	906,394	49,500	955,894
2025-2027	5.00%	<u>2,478,052</u>	<u>77,250</u>	<u>2,555,302</u>
		<u>\$6,910,020</u>	<u>\$429,750</u>	<u>\$7,339,770</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

6. Bonds Payable, (continued)

Paulinskill Water Reclamation System

<u>Fiscal</u> <u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.25-2.75%	\$123,299	\$195,116	\$318,415
2021	2.25-2.75%	126,514	191,901	318,415
2022	2.25-2.75%	129,815	188,602	318,417
2023	2.25-2.75%	133,200	185,216	318,416
2024	2.25-2.75%	136,677	181,740	318,417
2025-2029	2.25-2.75%	738,800	853,280	1,592,080
2030-2034	2.25-2.75%	840,478	751,598	1,592,076
2035-2039	2.25-2.75%	956,280	635,801	1,592,081
2040-2044	2.25-2.75%	1,088,171	503,907	1,592,078
2045-2049	2.25-2.75%	1,238,411	353,668	1,592,079
2050-2054	2.25-2.75%	1,409,575	182,506	1,592,081
2055-2056	2.25-2.75%	609,063	19,842	628,905
		<u>\$7,530,283</u>	<u>\$4,243,177</u>	<u>\$11,773,460</u>

7. Pension Plans

Description of Plans:

Authority employees participate in the State of New Jersey Public Employees' Retirement System (PERS) contributory, defined benefit public employee retirement systems or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

7. Pension Plans, (continued)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

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

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

7. Pension Plans, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds originally provided for employee contributions based on 5.5% for PERS. This amount was increased to 6.5% plus an additional 1% phased in over 7 years beginning 2012, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS.

The Authority's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Fiscal</u> <u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$464,082	\$-0-
2018	425,179	-0-
2017	371,458	-0-

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At November 30, 2019, the Authority reported a liability of \$8,318,076 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Authority's proportion was .0461641298 percent, which was a decrease of .00049243 percent from its proportion measured as of June 30, 2018.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

7. **Pension Plans, (continued)**

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

For the year ended November 30, 2019 , the Authority recognized pension expense of \$687,176. At November 30, 2019 , the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$149,299	\$36,746
Changes of assumptions	830,590	2,887,178
Net difference between projected and actual earnings on pension plan investments		131,304
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>646,260</u>	<u>170,390</u>
Total	<u>\$1,626,149</u>	<u>\$3,225,618</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended November 30:	
2020	\$(240,188)
2021	(779,166)
2022	(695,750)
2023	(326,690)
2024	(33,545)

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

7. Pension Plans, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Authority's Proportion	.0461641298%	.04665656%

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

7. Pension Plans, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

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

Mortality Rates

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

7. **Pension Plans, (continued)**

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

7. **Pension Plans, (continued)**

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the collective 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:

	June 30, 2019		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
Authority's proportionate share of the pension liability	\$10,580,176	\$8,318,076	\$6,518,563

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

8. Other Post Employment Benefits (OPEB)

In addition to the pension described in Note 7, the Authority provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement providing they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

8. Other Post Employment Benefits (OPEB), (continued)

Total OPEB Liability

At November 30, 2019, the Authority had a liability of \$11,265,048 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2019, the Authority's proportion was .083161 percent which was a decrease of .002777 percent from its proportion measured as of June 30, 2018.

For the year ended November 30, 2019, the Authority recognized OPEB expense of \$139,990. At November 30, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$3,294,339
Changes of assumptions		3,992,083
Net difference between projected and actual earnings on pension plan investments	9,279	
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>508,168</u>	<u>854,355</u>
Total	<u>\$517,447</u>	<u>\$8,140,777</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$(1,185,212)
2021	(1,185,212)
2022	(1,185,939)
2023	(1,187,115)
2024	(1,188,190)
Thereafter	(1,345,475)

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

8. Other Post Employment Benefits (OPEB), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* Salary increases are based on years of service within the respective plan.

100% of active members are considered to participate in the Plan upon retirement.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

8. Other Post Employment Benefits (OPEB), (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Authority's proportionate share of Net OPEB liability	\$13,025,261	\$11,265,048	\$9,834,642

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

8. Other Post Employment Benefits (OPEB), (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>trend Rate</u>	<u>1%</u> <u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$9,506,312	\$11,265,048	\$13,508,612

9. Deferred Compensation Plan

Employees of the Sussex County Municipal Utilities Authority may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Government). The deferred compensation plan is available to all employees of the Authority. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan is administered by an unrelated financial institution. The employees' contributions to the Plan and all income attributable to those amounts have been transferred to the exclusive benefit of the participating employees and their beneficiaries.

10. Unamortized Bond Premiums

The Authority received a net premium of \$34,954 on its issuance of the Series 2008 A and B Bonds, \$100,730 on the issuance of the Series 2012 Wastewater Revenue Refunding Bonds, and \$350,417 on the issuance of the Series 2016 A and B Wastewater Revenue Refunding Bonds. Additionally, the Authority received a premium of \$284,987 on the issuance of its Solid Waste Facilities New Jersey Environmental Infrastructure Trust Series 2018A-1 Bonds. At November 30, 2019, the balance which remains to be amortized over the life of the Bonds using the straight-line method is \$607,361. The unamortized balance is reported in the financial statements as a deferred inflow of resources.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

11. Closure and Postclosure Care Cost

State and federal laws and regulations require the Authority to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for thirty years after closure of its entire landfill operations. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

As of November 30, 2019, the Authority reported a deficiency of \$5,263 in landfill closure/postclosure care reserve. A comparison of the Closure Account balance and the current total closure liability calculation suggest additional contributions to the Landfill Closure/Postclosure Closure Care Account should be implemented in future years.

The cell closure account was established in accordance with GASB #18 requiring the cost associated with the closure of the landfill should be recognized based on the Authority Solid Waste Landfill use rather than on the passage of time, using a formula provided by the GASB statement. The Authority began funding this liability in fiscal year ending November 30, 1993. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to a trust account to finance postclosure care. The Authority is in compliance with these requirements, and, at November 30, 2019, cash and cash equivalents, investments and receivables of \$14,379,867 are held for these purposes. These are reported as restricted assets on the balance sheet. The Authority calculates future inflation costs in determining the annual contributions. This calculation is required to be performed every two years and submitted to the DEP for its approval.

12. Reserves Required by Bond Resolution

Upper Wallkill Facilities Fund:

The following reserves are required by the bond resolution:

Operating Requirement:	\$1,038,650
Funded by:	
Cash, Cash Equivalents and Investments	1,038,650
Excess/(Deficit)	<u>-0-</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

12. Reserves Required by Bond Resolution, (continued)

Future Debt Service Requirement:	3,045,400
Funded by:	
Insurance Policy with Assured Guarantee Municipal Corp.	<u>3,045,400</u>
Excess/(Deficit)	<u>-0-</u>
Renewal and Replacement Requirement:	1,905,070
Funded by:	
Cash, Cash Equivalents and Investments	<u>1,905,070</u>
Excess/(Deficit)	<u>-0-</u>
Current Debt Service Requirement:	1,358,900
Funded by:	
Cash, Cash Equivalents and Investments	<u>1,358,900</u>
Excess/(Deficit)	<u>-0-</u>

Solid Waste Facilities Fund:

The following cash reserves are required by the bond resolution:

Revenue Fund Requirement:	2,297,000
Funded by:	
Cash, Cash Equivalents and Investments	<u>2,297,000</u>
Excess/(Deficit)	<u>-0-</u>
Renewal and Replacement Requirement:	2,183,240
Funded by:	
Cash, Cash Equivalents and Investments	<u>2,183,240</u>
Excess/(Deficit)	<u>-0-</u>

13. Commitments and Contingent Liabilities

The Authority's general and special counsels advised us that there is no pending litigation that would have a material affect on the Authority's financial statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

14. Other Matters

Solid Waste Facilities

The Authority's Solid Waste Facilities has experienced an increase in tonnage for the past two years. This increase in tonnage (and revenues) is the result of two main factors: (1) an enhanced Solid Waste Flow Control Enforcement Program and (2) improved economic conditions. All Solid Waste Facility Bonds were retired in FY2016. In FY2017, a Sanitary Landfill Expansion Project was financed through the NJ Environmental Infrastructure Trust. In FY2018 through FY2028, debt service payments for the expansion project will be budgeted; however, these debt service requirements will be significantly less than previous debt service requirements. The tipping fee and tonnage for the last five years was as follows:

	<u>Tipping Fee</u> <u>Revenues</u>	<u>Tonnage</u>
2014	10,670,725	99,902 tons
2015	10,206,407	95,114 tons
2016	10,620,209	98,527 tons
2017	11,094,406	103,688 tons
2018	11,578,103	108,683 tons
2019	11,860,873	108,352 tons

On March 17, 2018, the Authority adopted Resolution #18-050 authorizing the issuance of not to exceed \$8,300,000 County Secured Solid Waste Revenue Bonds or Project Notes. The proceeds will be used to finance the costs of a leachate pump station and force main through the New Jersey Infrastructure Bank's financing program.

15. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Authority is currently enrolled in the Statewide Insurance Fund. The Fund provides members with Property, Liability, Workers Compensation, and Automobile insurance. The Authority also maintains other liability insurance and surety bonds as listed below:

	<u>Coverage</u>
Commercial Package Policy	
Commercial General Liability/Automobile Liability	10,000,000
Workers Compensation	Statutory
Public Officials Liability	5,000,000
Pollution - Legal	1,000,000
Underground Storage Tank	1,000,000

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

15. Risk Management, (continued)

New Jersey Unemployment Compensation Insurance - The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State. The following is a summary of Authority contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Authority's expendable trust fund for the current and prior year:

<u>Fiscal Year</u> <u>Ending</u>	<u>Authority</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
11-30-17	\$-0-	\$6,642	\$991	\$1,429	\$636,339
11-30-18	-0-	6,364	4,882	7,224	640,361
11-30-19	-0-	1,272	1,404	2,150	640,887

16. Designation of Unrestricted Net Position

As of November 30, 2019, the Authority's accounts maintain funds that, although may be spent for any lawful purpose by the Authority, have been designated by the Board for the following purposes and amounts:

	<u>Upper Wallkill</u> <u>Facilities</u>	<u>Solid Waste</u> <u>Facilities</u>	<u>Hampton</u> <u>Commons</u> <u>Facilities</u>	<u>Paulinskill</u> <u>Water</u> <u>Reclamation</u> <u>System</u>	<u>Wallkill</u> <u>Watershed</u> <u>Project</u>	<u>Total</u>
Workers Compensation	9,439					9,439
Vernon Twp. Rate Stabilization	325,323					325,323
Wallkill Watershed Projects					143,785	143,785
Appropriated in subsequent year's budget			<u>7,500</u>	<u>49,500</u>		<u>57,000</u>
	<u>334,762</u>	<u>-0-</u>	<u>7,500</u>	<u>49,500</u>	<u>143,785</u>	<u>535,547</u>

At November 30, 2019, the Authority reported a total amount of \$535,547 of Unrestricted Net Position - Designated for the purposes described above.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

16. Designation of Unrestricted Net Position, (continued)

The remaining, undesignated portion of the Authority's net position was comprised of the following at November 30, 2019 and 2018:

<u>2019</u>	<u>Upper Wallkill</u>	<u>Solid Waste</u>	<u>Hampton Commons</u>	<u>Paulinskill</u>	<u>Total</u>
Accrued OPEB Adjustments	(\$5,602,630)	(\$13,285,748)			(\$18,888,378)
Accrued Unfunded Pension Adjustments	(3,545,069)	(6,821,517)			(10,366,586)
Available for Use in Future Budgets	<u>5,867,688</u>	<u>7,543,181</u>	<u>179,059</u>	<u>656,447</u>	<u>14,246,375</u>
Total	<u>(\$3,280,011)</u>	<u>(\$12,564,084)</u>	<u>\$179,059</u>	<u>\$656,447</u>	<u>(\$15,008,589)</u>
<u>2018 Restated</u>	<u>Upper Wallkill</u>	<u>Solid Waste</u>	<u>Hampton Commons</u>	<u>Paulinskill</u>	<u>Total</u>
Accrued OPEB Adjustments	(\$5,744,469)	(\$13,650,477)	\$	\$	(\$19,394,946)
Accrued Unfunded Pension Adjustments	(3,487,192)	(6,656,300)			(10,143,492)
Available for Use in Future Budgets	<u>4,679,524</u>	<u>4,773,544</u>	<u>176,538</u>	<u>684,901</u>	<u>10,314,507</u>
Total	<u>(\$4,552,137)</u>	<u>(\$15,533,233)</u>	<u>\$176,538</u>	<u>\$684,901</u>	<u>(\$19,223,931)</u>

17. Subsequent Events

The Authority has evaluated subsequent events through June 25, 2020, the date which the financial statements were available to be issued and noted the following item for disclosure:

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the ratepayers in the municipalities serviced by the Sussex County Municipal Utilities Authority. The Authority has identified several risks as a result of this pandemic, including a possible delay in collection of participant charges and cash flow shortages as the result of these delayed collections. The Authority will continue to monitor the situation closely.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2019
(Continued)

18. Prior Period Adjustment

The financial statements for the fiscal year ended November 30, 2018 reported the Authority's proportionate share of the net OPEB liability and other OPEB items and disclosures required by Governmental Accounting Standards Board Statement No. 75 based on the State of New Jersey State Health Benefits Plan Schedule of OPEB Accounts by Employer for the fiscal year ended June 30, 2017. GASB Statement No. 75 requires that the net OPEB liability be measured as of a date no later than the end of the employer's prior fiscal year. During fiscal year 2019, the Authority obtained the updated OPEB information for 2018, and the 2018 financial statements were restated. As a result, the following adjustments have been made on the 2018 financial statements:

	Balance Nov. 30, 2018, as Previously <u>Reported</u>	Retroactive <u>Adjustment</u>	Balance Nov. 30, 2018, as <u>Restated</u>
Deferred Outflows of Resources:			
Deferred OPEB Related Costs	\$654,186	\$(88,441)	\$565,745
Liabilities:			
Net OPEB Liability	17,902,401	(4,438,823)	13,463,578
Deferred Inflows of Resources:			
Deferred OPEB Related Items	1,987,014	4,510,099	6,497,113
Net Position:			
Unrestricted: Undesignated	(19,064,214)	(159,717)	(19,223,931)

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Required Supplementary Information

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.0461641298%	0.0466565560%	0.0458961702%	0.0418126938%	0.0411544622%	0.0444666926%
Authority's proportionate share of the net pension liability (asset)	\$ 8,318,076	\$ 9,186,443	\$ 10,683,895	\$ 12,383,721	\$ 9,238,352	\$ 8,325,381
Authority's covered payroll - PERS	\$ 3,222,505	\$ 3,263,132	\$ 3,175,742	\$ 3,153,643	\$ 2,988,385	\$ 2,824,420
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	258.12%	281.52%	336.42%	392.68%	309.14%	294.76%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedules of Required Supplementary Information
 Schedule of Authority's Contributions - PERS
 Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 464,082.00	\$ 425,179.00	\$ 371,458.00	\$ 353,818.00	\$ 366,577.00	\$ 279,694.00
Contributions in relation to the contractually required contribution	<u>\$ (464,082.00)</u>	<u>\$ (425,179.00)</u>	<u>\$ (371,458.00)</u>	<u>\$ (353,818.00)</u>	<u>\$ (366,577.00)</u>	<u>\$ (279,694.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll - PERS	\$ 3,222,505	\$ 3,263,132	\$ 3,175,742	\$ 3,153,643	\$ 2,988,385	\$ 2,824,420
Contributions as a percentage of covered payroll	14.40%	13.03%	11.70%	11.22%	12.27%	9.90%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
Note to Required Schedules of Supplementary Information
For the Fiscal Year Ended November 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date to the current measurement date, resulting in a change in the discount rate from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

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Exhibit RSI-1

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedules of Required Supplementary Information
 Schedule of Authority's Share of Net OPEB Liability
 Last 10 Fiscal Years*

	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	0.083161%	0.085938%	0.087689%
Authority's proportionate share of the net OPEB liability (asset)	\$ 11,265,048	\$ 13,463,578	\$ 17,902,491
Authority's covered payroll	\$ 3,222,505	\$ 3,263,132	\$ 3,175,742
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	349.57%	412.60%	563.73%
Plan fiduciary net position as a percentage of the total OPEB liability	1.98%	1.97%	1.03%

* GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Exhibit RSI-2

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedules of Required Supplementary Information
 Schedule of Authority's OPEB Contributions
 Last 10 Fiscal Years*

	2019	2018	2017
Contractually required contribution	\$ 366,578.12	\$ 547,116.00	\$ 531,383.00
Contributions in relation to the contractually required contribution	<u>\$ (366,578.12)</u>	<u>\$ (547,116.00)</u>	<u>\$ (531,383.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 3,222,505	\$ 3,263,132	\$ 3,175,742
Contributions as a percentage of covered payroll	11.38%	16.77%	16.73%

* GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedules of Required Supplementary Information
 Schedule of Changes in the Authority's Proportionate
 Share of the State OPEB Contributions
 Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB Liability:			
Service Cost	554,330	\$ 770,207	\$ 933,472
Interest	528,973	656,637	568,596
Changes of Benefit Terms	(1,583)		
Difference Between Expected		(3,116,442)	
and Actual Experience	(1,164,189)	(1,988,812)	(2,269,261)
Changes in Assumptions	(1,360,315)	(362,333)	(366,092)
Benefit Payments	(391,006)		
Contributions - Members	35,967	46,395	46,989
Change in Allocation	(443,795)	(361,215)	
Net Change in Total OPEB Liability	(2,241,618)	(4,355,563)	(1,086,296)
Total OPEB Liability - Beginning	13,733,840	18,089,403	19,175,699
Total OPEB Liability - Ending	\$ 11,492,222	\$ 13,733,840	\$ 18,089,403
Plan Fiduciary Net Position:			
Contributions - Employer	288,082	\$ 361,966	\$ 334,808
Contributions - Non-Employer	36,470	46,018	46,532
Contributing Entities	35,967	46,395	46,989
Contributions - Members	4,014	1,994	694
Net Investment Income	(391,006)	(362,333)	(366,092)
Benefit Payments	(7,882)	(7,047)	(7,800)
Administrative Expense	(8,733)	(3,733)	
Change in Allocation			
Net Change in Plan Fiduciary Net Position	(43,088)	83,260	55,131
Plan Fiduciary Net Position - Beginning	270,262	187,002	131,871
Plan Fiduciary Net Position - Ending	227,174	270,262	187,002
Authority's Net OPEB Liability	\$ 11,265,048	\$ 13,463,578	\$ 17,902,401

* GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
Note to Required Schedules of Supplementary Information
For the Fiscal Year Ended November 30, 2019

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the OPEB liability are presented in Note 8.

Supplementary Schedules

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2019

	Business-Type Activities							Internal Service Fund
	Enterprise Funds							
	Upper Walkwater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total	
Assets:								
Current Assets:								
Unrestricted:								
Cash and Cash Equivalents	5,889,696	7,721,511	178,561	707,474	4,646	125,149	14,627,037	241,006
Accounts Receivable (Net)	524,595	600,203	7,768				1,132,566	
Prepaid Expenses	19,424	18,091	245	784		188	38,732	4,674
Due from State of New Jersey		143,320					143,320	
Due from Central Services	79,255	131,020	2,813	2,813		18,448	234,349	
Total Unrestricted Current Assets:	6,512,970	8,614,145	189,387	711,071	4,646	143,785	16,176,004	245,680
Restricted:								
Phase II Construction Account:								
Cash and Cash Equivalents	415,895	102,703					518,598	
Due from Central Services	3,376						3,376	
Phase III Construction Account:								
Cash and Cash Equivalents	260,521						260,521	
Renewal and Replacement Account:								
Cash and Cash Equivalents	1,905,070	2,183,240	46,548	20,339			4,155,197	
Current Debt Service Accounts:								
Cash and Cash Equivalents	2,171,078			159,208			2,330,286	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2019

	Business-Type Activities										Interest Service Fund	
	Enterprise Funds											
	Upper Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total					
Retained Percentages Account:												
Cash and Cash Equivalents	14,082	7,437									21,519	
Operations:												
Cash and Cash Equivalents	1,038,650	2,297,000									3,335,650	
Cell Closure Account:												
Cash and Cash Equivalents		3,224,740									3,224,740	
Due from NJEIT		103,708									103,708	
Due from Central Services		4,501									4,501	
Landfill Postclosure Account:												
Cash and Cash Equivalents		128,869									128,869	
Investments		10,918,049									10,918,049	
Unemployment Trust Account:												
Cash and Cash Equivalents												252,776
Investments												388,111
Total Restricted Current Assets:	5,808,672	18,970,247	46,548	179,547	-	-	25,005,014				640,887	
Total Current Assets	12,321,642	27,584,392	235,935	890,618	4,646	143,785	41,181,018				886,567	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2019

	Business-Type Activities								Internal Service Fund
	Enterprise Funds								
	Upper Walkmill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkmill Watershed Project	Total		
Non-Current Assets									
Capital Assets:									
Land	573,834	2,770,568	32,741	456,782			3,833,925		
Improvements	22,977,261	56,577,395					79,554,656		
Buildings	40,294,624	12,902,153	510,231	12,315,047			66,022,055		
Machinery and Equipment	11,287,284	8,652,399	742,270	102,306		6,214	20,790,473		
Accumulated Depreciation	(51,454,552)	(63,783,364)	(1,133,884)	(958,155)		(2,796)	(117,332,751)		
Construction in Progress	1,153,015	1,204,684					2,357,699		
Total Non-Current Assets	24,831,466	18,323,835	151,358	11,915,980	-	3,418	55,226,057	-	
Total Assets	37,153,108	45,908,227	387,293	12,806,598	4,646	147,203	96,407,075	886,567	
Deferred Outflows of Resources:									
Deferred Outflows - PERS	19,063	1,607,086					1,626,149		
Deferred Outflows - OPEB	154,042	363,405					517,447		
Deferred Losses on Early Retirement of Debt	1,274,561						1,274,561		
Total Deferred Outflows of Resources	1,447,666	1,970,491	-	-	-	-	3,418,157	-	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2019

	Business-Type Activities							Internal Service Fund
	Enterprise Funds							
	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total	
Liabilities:								
Current Liabilities:								
Payable from Unrestricted Assets:								
Payroll Taxes Payable								1,498
Accounts Payable	100,373	538,575	2,828	5,124			646,900	1,956
Accounts Payable - PERS	133,196	315,845					449,041	
Due to Other Funds					4,646		4,646	242,226
Escrow Deposits Payable								
Bonds and Loans Payable -								
Current Portion		866,394					866,394	
Accrued Interest on Loans		30,167					30,167	
Total Current Liabilities Payable from Unrestricted Assets	233,569	1,750,981	2,828	5,124	4,646	-	1,997,148	245,680
Payable from Restricted Assets:								
Accounts Payable: Cell Closure		147,377					147,377	
Retainage Payable	14,082	7,437					21,519	
Lease Payable		193,740					193,740	
Bonds and Loans Payable -								
Current Portion	2,075,000			122,713			2,197,713	
Accrued Interest on Bonds	812,178			97,955			910,133	
Total Current Liabilities Payable from Restricted Assets	2,901,260	348,554	-	220,668	-	-	3,470,482	-
Total Current Liabilities	3,134,829	2,099,535	2,828	225,792	4,646	-	5,467,630	245,680

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2019

	Business-Type Activities							Internal Service Fund
	Enterprise Funds							
	Upper Walkkill Wastewater System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total		
Non-Current Liabilities:								
Revenue and Revenue Refunding Bonds Payable	36,192,835							36,192,835
USDA Loans Payable			7,407,570					7,407,570
NJETT Loans Payable		6,043,626						6,043,626
Loans Payable to County of Sussex:								
Planning Loan	324,949							324,949
Net Pension Liability	2,475,075	5,843,001						8,318,076
Net OPEB Liability	3,372,106	7,892,942						11,265,048
Accrued Liabilities - Closure and Postclosure Costs	210,147	14,237,753						14,237,753
Accrued Liabilities - Compensated Absences		502,222						712,369
Total Non-Current Liabilities	42,575,112	34,519,544	7,407,570	-	-	-	-	84,502,226
Total Liabilities	45,709,941	36,619,079	7,633,362	4,646	-	-	-	89,969,856
Deferred Inflows of Resources:								
Deferred Inflows - PERS	955,861	2,269,757						3,225,618
Deferred Inflows - OPEB	2,384,566	5,756,211						8,140,777
Bond Premium - Net	379,371	227,990						607,361
Total Deferred Inflows of Resources	3,719,798	8,253,958	-	-	-	-	-	11,973,756
Net Position:								
Invested in Capital Assets, net of related debt	(12,186,336)	11,094,788	4,385,697		3,418			3,448,925
Restricted:								
Current Debt Service	1,358,900		61,253					1,420,153
Renewal and Replacement Operations	1,905,070	2,183,240	20,339					4,155,197
Landfill Cell Closure/Postclosure Unemployment Insurance	1,038,650	2,297,000	46,548					3,335,650
Unrestricted:		(5,263)						(5,263)
Designated	334,762	7,500	49,500		143,785			535,547
Undesignated	(3,280,011)	(12,564,084)	656,447					(15,008,589)
Total Net Position	(10,828,965)	3,005,681	5,173,236	-	147,203	-	-	640,887

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Business-Type Activities Enterprise Funds						Total	Internal Service Fund
	Upper Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkill Watershed Project		
Operating Revenues								
User Charges	5,267,001		173,112	600,500			6,040,613	1,468,454
Treatment of Sludge, Septage and Leachate	1,245,709						1,245,709	
Operating and Maintenance Charges-Municipal	176,500						176,500	
Tipping Fees		11,860,873					11,860,873	
Recycling Markets		165,570					165,570	
Connection Fees	362,445			854			363,299	
Operating Grants	12,152	143,320			519,245		662,565	
Finance Charges	119,095	1,344					13,496	
Interest	142,706	130,564		11,378			261,037	1,404
Other		222,488			500		365,694	1,272
	<u>7,325,608</u>	<u>12,524,159</u>	<u>173,112</u>	<u>612,732</u>	<u>519,745</u>	<u>-</u>	<u>21,155,356</u>	<u>1,471,130</u>
Operating Expenses								
Administration, Operating, Maintenance and Reserves	3,675,804	7,543,907	169,091	254,282		422,319	12,065,403	1,468,454
Other	2,538,348	1,982,780	17,284	321,415		1,243	4,861,070	2,150
Depreciation Expense	6,214,152	9,526,687	186,375	575,697		423,562	16,926,473	1,470,604
	<u>1,111,456</u>	<u>2,997,472</u>	<u>(13,263)</u>	<u>37,035</u>	<u>-</u>	<u>96,183</u>	<u>4,228,883</u>	<u>526</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Business-Type Activities Enterprise Funds						Total	Internal Service Fund
	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project		
Non-Operating Revenues (Expenses)								
Interest on Investments	29,638	272,992					302,630	
Budget Approp. - Renewal and Replacement	175,000	500,000	6,000				681,000	
Budget Approp. - Cell Closure		300,000					300,000	
Budget Approp. - Vernon Rate Stabilization	24,274	(96,446)		(196,693)			24,274	
Interest Expense	(344,080)						(637,219)	
Accreted Interest on Capital Appreciation Bonds	(1,494,868)						(1,494,868)	
Amortization of Bond Discount, Premiums	(38,864)	28,499					(30,365)	
Investment Expenses		(143,154)					(143,154)	
Payment to Upper Walkkill - Repayment of County Loan	18,650			(18,650)			-	
Cell Closure Expenditures (Net)		(121,894)					(121,894)	
Postclosure Expenditures (Net)		596,256					596,256	
Gain on Disposal of Equipment		99,289					99,289	
Vernon Rate Stabilization	(100,000)						(100,000)	
Total Non-Operating Revenues (Expenses)	(1,750,250)	1,435,542	6,000	(215,343)	-	-	(524,051)	-
Change in Net Position	(638,794)	4,433,014	(7,263)	(178,308)	-	96,183	3,704,832	526
Net Position - Beginning (Restated)	(10,190,171)	(1,427,333)	391,728	5,351,544	-	51,020	(5,823,212)	640,361
Net Position - Ending	(10,828,965)	3,005,681	384,465	5,173,236	-	147,203	(2,118,380)	640,887

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Walkmill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Walkmill Watershed Project	Total	
Cash Flows from Operating Activities:								
Cash received from users	7,044,104	12,096,621	165,344	610,134	-	-	19,916,203	1,468,454
Other operating receipts	505,151	223,832	854	854	-	-	729,837	1,272
Interest Received	148,733	403,556	11,378	11,378	-	-	563,667	1,404
Operating grants received	(824,959)	143,320	-	-	-	519,745	663,065	(849,846)
Cash paid to employees	(492,688)	(2,089,441)	-	-	-	(215,595)	(3,129,995)	(438,044)
Cash paid for employee benefits		(1,236,588)	-	-	-	(101,315)	(1,830,591)	
Cash paid to suppliers and professional contractors	(2,547,329)	(4,421,781)	(166,071)	(255,726)	-	(110,772)	(7,501,679)	(232,321)
Cash paid for other operating expenses	(100,000)	(889,442)	-	(18,650)	-	-	(1,008,092)	
Interest paid	(198,581)	(99,446)	-	(198,249)	-	-	(496,276)	
Net Cash Provided by (Used in) Operating Activities	3,534,431	4,130,631	(727)	149,741	-	92,063	7,906,139	(49,081)
Cash Flows from Financing Activities:								
Principal Payments on Debt	(2,010,000)	(856,393)	-	(120,166)	-	-	(2,986,559)	
Net Cash Provided by (Used in) Financing Activities	(2,010,000)	(856,393)	-	(120,166)	-	-	(2,986,559)	-

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Business-Type Activities Enterprise Funds							Total	Internal Service Fund
	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Walkill Watershed Project			
Cash Flows from Investing Activities:									
Capital Expenditures	(162,432)	(1,814,010)					(1,976,442)		
Vernon Rate Stabilization Approp.	24,274						24,274		
Renewal and Replacement Approp.	175,000	500,000	6,000				681,000		
Cell Closure Approp.		300,000					300,000		
Investment Expenses		(143,154)					(143,154)		
Sales (purchases) of investments		(369,325)					(369,325)		(1,391)
Net Cash Provided by (Used in) Investing Activities	36,842	(1,526,489)	6,000	-	-	-	(1,483,647)	-	(1,391)
Net Increase (Decrease) in Cash and Cash Equivalents	1,561,273	1,747,749	5,273	29,575	-	92,063	3,435,933	-	(50,472)
Cash and Cash Equivalents-Beginning of Year	10,133,719	13,917,751	219,836	857,446	4,646	33,086	25,166,484	-	544,254
Cash and Cash Equivalents-End of Year	11,694,992	15,665,500	225,109	887,021	4,646	125,149	28,602,417	-	493,782
Classified As:									
Current Assets	5,889,696	7,721,511	178,561	707,474	4,646	125,149	14,627,037		241,006
Restricted Assets	5,805,296	7,943,989	46,548	179,547	-	-	13,975,380		252,776
	11,694,992	15,665,500	225,109	887,021	4,646	125,149	28,602,417	-	493,782

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total	
Operating Income	1,111,456	2,997,472	(13,263)	37,035	96,183	4,228,883	526	
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:								
Depreciation and Amortization	2,538,348	1,982,780	17,284	321,415	1,243	4,861,070		
Pension Adjustment - PERS	57,877	165,217				223,094		
OPEB Adjustment	(141,839)	(364,729)				(506,568)		
Interest Received on Non-Operating Investments	29,638	272,992				302,630		
Interest Paid	(198,581)	(99,446)		(198,249)		(496,276)		
Other Non-Operating Expenses	(100,000)	(889,442)		(18,650)		(1,008,092)		
Decrease (Increase) In:								
Accounts and Accrued Interest Receivable	342,742	70,178	(7,768)	9,634		414,786	(49,608)	
Due from Central Services	24,240	16,374	1,892	1,892	(2,108)	42,290		
Prepaid Expenses			(1)			(1)		
Increase (Decrease) In:								
Current Liabilities Payable from Unrestricted Assets	(62,885)	11,521	1,129	(3,336)		(56,826)		
Non-Current Liabilities	(66,565)	(32,286)				(98,851)		
Net Cash Provided by (Used in) Operating Activities	3,534,431	4,130,631	(727)	149,741	92,063	7,906,139	(49,081)	

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities

Operating Income

Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:

Depreciation and Amortization

Pension Adjustment - PERS

OPEB Adjustment

Interest Received on Non-Operating Investments

Interest Paid

Other Non-Operating Expenses

Decrease (Increase) In:

Accounts and Accrued Interest Receivable

Due from Central Services

Prepaid Expenses

Increase (Decrease) In:

Current Liabilities Payable from Unrestricted Assets

Non-Current Liabilities

Net Cash Provided by (Used in) Operating Activities

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

UPPER WALKILL FACILITIES FUND

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

RESTRICTED AND UNRESTRICTED

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Restricted				Total
	Unrestricted	Invested in Capital Assets	Current Debt Service	Renewal and Replacement	
Operating Revenue:					
User Charges - Sewer	5,267,001				5,267,001
Treatment of Sludge	111,745				111,745
Treatment of Septage	887,918				887,918
Treatment of Leachate	246,046				246,046
Operating and Maintenance Charges	176,500				176,500
Connection Fees	362,445				362,445
Other	142,706				142,706
Interest	119,095				119,095
Finance Charges	12,152				12,152
	<u>7,325,608</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,325,608</u>
Operating Expenses:					
Cost of Providing Services	2,800,653				2,800,653
Administrative and General Expense	675,877				675,877
Reserves	199,274				199,274
Depreciation	2,538,348				2,538,348
	<u>6,214,152</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,214,152</u>
Operating Income	<u>1,111,456</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,111,456</u>

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALLKILL FACILITIES FUND
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
RESTRICTED AND UNRESTRICTED
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019**

	Restricted					Total
	Unrestricted	Invested in Capital Assets	Current Debt Service	Renewal and Replacement	Operations	
Non-Operating Revenue:						
Interest				29,638		29,638
Budget Appropriation - Reserve for Vernon Rate Stabilization	24,274					24,274
Budget Appropriation - R&R				175,000		175,000
Non-Operating Expenses:						
Interest Expense	(344,080)					(344,080)
Accretion	(100,000)	(1,494,868)				(1,494,868)
Vernon Rate Stabilization Amortization	(58,864)					(58,864)
Net Income/(Loss) Before Contributions and Transfers	632,786	(1,494,868)	0	204,638	0	(657,444)
Contributions	18,650					18,650
Transfers:						
Other	544,964	(466,190)	(86,924)		8,150	0
Increase (Decrease) in Net Position	1,196,400	(1,961,058)	(86,924)	204,638	8,150	(638,794)
Net Position - December 1, (Restated)	(4,141,649)	(10,225,278)	1,445,824	1,700,432	1,030,500	(10,190,171)
Net Position - November 30,	<u>(2,945,249)</u>	<u>(12,186,336)</u>	<u>1,358,900</u>	<u>1,905,070</u>	<u>1,038,650</u>	<u>(10,828,965)</u>
Designated	334,762					
Undesignated	<u>(3,280,011)</u>					
	<u>(2,945,249)</u>					

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

UPPER WALLKILL FACILITIES FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Trustee Revenue Account	Revenue Operating Account	Petty Cash	Renewal and Replacement	Vernon Twp. Stabilization Fund	Phase II Construction
Cash, Cash Equivalents and Investments - December 1, 2018	1,066,011	433,444	400	1,700,432	401,049	475,954
Cash Receipts:						
User and Other Charges	18,057	7,447,120		29,638		7,607
Interest		216,916		175,000	24,274	5,391
Other	7,938,247	4,112,107				
Transfers						
Total Cash Receipts	7,956,304	11,776,143	-	204,638	24,274	12,998
Cash and Investments Available	9,022,315	12,209,587	400	1,905,070	425,323	488,952
Cash Disbursements:						
Operations		4,147,579			100,000	
Bond Interest Payments						
Bond Principal Payments						
Transfers	7,184,609	7,938,247				73,057
Total Cash Disbursements	7,184,609	12,085,826	-	-	100,000	73,057
Cash, Cash Equivalents and Investments - November 30, 2019	1,837,706	123,761	400	1,905,070	325,323	415,895
Analysis of Balance:						
Unrestricted	799,056	123,761	400	-	325,323	-
Restricted	1,038,650	-	-	1,905,070	-	415,895
Cash and Cash Equivalents Investments	1,837,706	123,761	400	1,905,070	325,323	415,895
Analysis of Restricted Accounts:						
Operations	1,038,650					
	1,038,650					

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

UPPER WALLKILL FACILITIES FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Debt Service	Future Debt Service	Phase III Construction	General	Retainage	Total
Cash, Cash Equivalents and Investments - December 1, 2018	2,112,675	1	260,521	3,669,150	14,082	10,133,719
Cash Receipts:						
User and Other Charges	28,181			65,250		7,447,120
Interest						148,733
Other						421,581
Transfers	2,655,673			489,886		15,195,913
Total Cash Receipts	2,683,854			555,136		23,213,347
Cash and Investments Available	4,796,529	1	260,521	4,224,286	14,082	33,347,066
Cash Disbursements:						
Operations						4,247,579
Bond Interest Payments	198,582					198,582
Bond Principal Payments	2,010,000					2,010,000
Transfers						15,195,913
Total Cash Disbursements	2,208,582					21,652,074
Cash, Cash Equivalents and Investments - November 30, 2019	2,587,947	1	260,521	4,224,286	14,082	11,694,992
Analysis of Balance:						
Unrestricted	416,869	1		4,224,286		5,889,696
Restricted	2,171,078		260,521		14,082	5,805,296
	2,587,947	1	260,521	4,224,286	14,082	11,694,992
Cash and Cash Equivalents Investments	2,587,947	1	260,521	4,224,286	14,082	11,694,992

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY**UPPER WALLKILL FACILITIES FUND****SCHEDULE OF OPERATING REVENUES AND COST
FUNDED BY OPERATING REVENUES COMPARED TO****BUDGET YEAR ENDED NOVEMBER 30, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2018**

	<u>FY 2019 Budget</u>	<u>FY 2019 Budget After Modifications</u>	<u>FY 2019 Actual</u>	<u>FY 2018 Actual</u>
Revenues:				
User Charges - Sewer	5,267,000	5,267,000	5,267,001	5,208,000
Treatment of Sludge	82,000	82,000	111,745	93,150
Treatment of Septage	680,000	680,000	887,918	863,768
Treatment of Leachate	250,000	250,000	246,046	248,729
Connection Fees	62,000	62,000	362,445	85,950
Operating and Maintenance Charges to Municipalities	189,000	189,000	176,500	176,500
Other	28,000	28,000	142,706	42,254
Interest Income from Operating Investments	43,000	43,000	119,095	68,934
Finance Charges			12,152	28,028
Total Operating Revenue	<u>6,601,000</u>	<u>6,601,000</u>	<u>7,325,608</u>	<u>6,815,313</u>
Expenses:				
Cost of Providing Services:				
(1) Salaries, Operating Staff	973,000	973,000	824,959	893,280
(2) Fringe Benefits, Operating Staff	566,400	566,400	386,412	483,504
(2) PERS	109,000	109,000	106,276	98,904
(3) Utilities	481,000	481,000	413,558	423,292
(4) Motor Vehicles & Equipment	16,000	16,000	8,292	10,358
(5) Stationary Equipment	51,000	51,000	38,440	20,091
(6) Electrical Equipment/Repair	19,000	19,000	11,291	12,250
(7) Insurance, Plant Operations	240,000	240,000	233,085	226,350
(8) Testing Services	14,500	14,500	9,134	8,156
(10) Outside Services	581,000	581,000	601,140	624,055
(11) Safety Equipment	6,000	6,000	1,971	7,421
(12) Chemicals & Wood Chips	118,000	118,000	103,426	93,895
(13) Miscellaneous Plant Supplies	15,500	15,500	4,645	4,990
(14) Taxes and Fees	59,000	59,000	54,299	51,966
(15) Laboratory Supplies	11,400	11,400	7,742	8,990
(16) Custodial Supplies	5,000	5,000	1,656	1,066
(17) Purchases Related to Operating and Maintenance Services	12,000	12,000	78,289	54,230
Subtotal Cost of Providing Services	<u>3,277,800</u>	<u>3,277,800</u>	<u>2,884,615</u>	<u>3,022,798</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALLKILL FACILITIES FUND
SCHEDULE OF OPERATING REVENUES AND COST
FUNDED BY OPERATING REVENUES COMPARED TO
BUDGET YEAR ENDED NOVEMBER 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2018

	<u>FY 2019 Budget</u>	<u>FY 2019 Budget After Modifications</u>	<u>FY 2019 Actual</u>	<u>FY 2018 Actual</u>
Administrative Expenses:				
Seminars and Dues	6,000	6,000	5,342	5,277
Indirect Administrative Expenses	658,000	658,000	620,979	577,267
Engineering Consulting Fees	31,000	31,000	9,968	20,822
Trustee Fees	15,000	15,000	5,000	6,500
General Legal Fees	15,000	15,000	26,530	35,222
Office Supplies	2,000	2,000	1,850	1,350
Printing	300	300	195	283
Travel & Expenses, Administrative Staff	900	900	169	184
General Advertising	1,000	1,000	702	362
Personal Services	5,000	5,000	5,142	4,410
Subtotal Administrative Expenses	<u>734,200</u>	<u>734,200</u>	<u>675,877</u>	<u>651,677</u>
Capital Outlay	<u>110,000</u>	<u>110,000</u>	-	-
Reserves:				
Renewal and Replacement	175,000	175,000	175,000	130,000
Vernon Rate Stabilization	35,000	35,000	24,274	22,726
Subtotal Reserves	<u>210,000</u>	<u>210,000</u>	<u>199,274</u>	<u>152,726</u>
Debt Service:				
Interest Expense	909,000	909,000	344,080 ⁽¹⁾	296,311
Bond Principal	1,360,000	1,360,000	1,360,000	1,446,000
Subtotal Debt Service	<u>2,269,000</u>	<u>2,269,000</u>	<u>1,704,080</u>	<u>1,742,311</u>
Total Costs Funded by Operating Revenues	<u>6,601,000</u>	<u>6,601,000</u>	<u>5,463,846</u>	<u>5,569,512</u>

(1) Does not include accreted interest on capital appreciation bonds.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALLKILL FACILITIES FUND
SCHEDULE OF OPERATING REVENUES AND COST
FUNDED BY OPERATING REVENUES COMPARED TO
BUDGET YEAR ENDED NOVEMBER 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2018

	<u>FY 2019 Budget</u>	<u>FY 2019 Budget After Modifications</u>	<u>FY 2019 Actual</u>	<u>FY 2018 Actual</u>
Excess or (Deficit) in Actual Revenues and Expenses			1,861,762	1,245,801
Reconciliation of Budgetary Basis To Change in Net Position:				
Depreciation			(2,538,348)	(2,554,929)
Amortization of:				
Deferred Gains/Losses on Early Extinguishment of Debt			(80,566)	(80,566)
Bond Premiums			21,702	21,702
Accreted Interest - Capital Appreciation Bonds			(1,494,868)	(1,492,289)
Adjustment for Pension Expense			(57,877)	(118,036)
Adjustment for OPEB Expense			141,839	
Contributions			18,650	
Interest on Non-Operating Investments			29,638	17,024
Other Non-Operating Revenues			175,000	130,000
Other Non-Operating Expenses			(100,000)	(100,000)
Vernon Rate Stabilization			24,274	22,726
Bond Principal Payments			<u>1,360,000</u>	<u>1,446,000</u>
			<u>(2,500,556)</u>	<u>(2,708,368)</u>
Change in Net Position			<u>(638,794)</u>	<u>(1,462,567)</u>

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

UPPER WALLKILL FACILITIES FUND
SCHEDULE OF REVENUE BONDS PAYABLE
NOVEMBER 30, 2019

Description	Original Issue		Maturities				Issued 2018-2019	Accreted Principal	Paid or Refunded 2018-2019	Balance Nov. 30, 2019
	Date	Amount	Date	Rate	Amount	Balance Dec. 1, 2018				
2008 Wastewater Revenue Bonds (Series A)	09/15/08	4,095,000				95,000		95,000		
2008 Wastewater Revenue Bonds (Series B)	09/15/08	23,403,738	12/01/19	4.430%	1,845,000					
			12/01/20	4.580%	1,906,661					
			12/01/21	4.690%	1,914,045					
			12/01/22	4.790%	1,817,643					
			12/01/23	4.850%	2,162,967					
			12/01/24	4.910%	2,055,731					
			12/01/25	4.970%	1,951,533					
			12/01/26	5.030%	1,850,427					
			12/01/27	5.090%	1,752,544					
			12/01/28	5.150%	1,657,857					
			12/01/29	5.200%	1,568,018					
			12/01/30	5.260%	1,480,012					
			12/01/31	5.310%	1,396,932					
			12/01/32	5.360%	1,415,270					
			12/01/33	5.390%	1,334,497					
			12/01/34	5.410%	1,261,690					
						27,664,447	1,316,380	1,610,000	27,370,827	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

UPPER WALLKILL FACILITIES FUND
SCHEDULE OF REVENUE BONDS PAYABLE
NOVEMBER 30, 2019

<u>Description</u>	<u>Original Issue</u>		<u>Maturities</u>			<u>Balance</u> <u>Dec. 1, 2018</u>	<u>Issued</u> <u>2018-2019</u>	<u>Accreted</u> <u>Principal</u>	<u>Paid or</u> <u>Refunded</u> <u>2018-2019</u>	<u>Balance</u> <u>Nov. 30, 2019</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>					
2012 Wastewater Revenue Refunding Bonds	07/11/12	3,165,000	12/01/19	4.000%	120,000					
			12/01/20	4.000%	125,000					
			12/01/21	4.000%	130,000					
			12/01/22	4.000%	135,000					
			12/01/23	3.125%	140,000					
			12/01/24	3.125%	145,000					
			12/01/25	3.125%	150,000					
			12/01/26	3.375%	155,000					
			12/01/27	3.375%	160,000					
			12/01/28	3.375%	165,000					
			12/01/29	3.625%	170,000					
			12/01/30	3.625%	175,000					
			12/01/31	3.625%	185,000					
						2,250,000			295,000	1,955,000

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITYHAMPTON COMMONS FACILITIES FUND
SCHEDULE OF REVENUE, EXPENSES ANDCHANGES IN NET POSITIONRESTRICTED AND UNRESTRICTEDFOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	Unrestricted	Invested in Capital Assets	Restricted Renewal and Replacement	Total
Operating Revenue:				
Sewer Charges	173,112			173,112
	173,112	-	-	173,112
Operating Expenses:				
Operating, Maintenance and Reserves	169,091			169,091
Depreciation		17,284		17,284
	169,091	17,284	-	186,375
Operating Income	4,021	(17,284)	-	(13,263)
Non-Operating Revenue/(Expenses):				
Budget Appropriation			6,000	6,000
Increase (Decrease) in Net Position	4,021	(17,284)	6,000	(7,263)
Net Position - December 1,	182,538	168,642	40,548	391,728
Net Position - November 30,	186,559	151,358	46,548	384,465
Designated	7,500			
Undesignated	179,059			
	186,559			

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

HAMPTON COMMONS FACILITIES FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Revenue Operating Account	Renewal and Replacement Account	Total
Cash, Cash Equivalents and Investments- December 1, 2018	179,288	40,548	219,836
Cash Receipts:			
Sewer Charges	165,344		165,344
Other	4,705		4,705
Transfers		6,000	6,000
Total Cash Receipts	<u>170,049</u>	<u>6,000</u>	<u>176,049</u>
Total Cash And Investments Available	<u>349,337</u>	<u>46,548</u>	<u>395,885</u>
Cash Disbursements:			
Operating and Maintenance Costs	164,776		164,776
Transfers	6,000		6,000
Total Cash Disbursements	<u>170,776</u>	<u>-</u>	<u>170,776</u>
Cash, Cash Equivalents and Investments- November 30, 2019	<u>178,561</u>	<u>46,548</u>	<u>225,109</u>
Analysis of Balance:			
Unrestricted	178,561	-	178,561
Restricted	-	46,548	46,548
	<u>178,561</u>	<u>46,548</u>	<u>225,109</u>
Cash and Cash Equivalents	178,561	46,548	225,109
Investments	-	-	-
	<u>178,561</u>	<u>46,548</u>	<u>225,109</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

HAMPTON COMMONS FACILITIES FUND
SCHEDULE OF OPERATING REVENUES AND
COSTS FUNDED BY OPERATING REVENUES
COMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2018

	<u>FY 2019</u>	<u>FY 2019</u>	<u>FY 2019</u>	<u>FY 2018</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Actual</u>	<u>Actual</u>
		<u>Modification</u>		
Revenue:				
Retained Earnings Appropriated	6,000	6,000	6,000	7,000
Service Agreements (Hampton Commons Homeowners Association)	142,041	142,041	142,041	141,867
(Lowe's)	31,071	31,071	31,071	31,033
Interest on Investments and Deposits	1,088	1,088		
Total Operating Revenue	<u>180,200</u>	<u>180,200</u>	<u>179,112</u>	<u>179,900</u>
Expenses:				
Operating and Maintenance				
(1) Payment to Upper Walkkill for Operating and Maintenance Services	52,500	52,500	52,500	52,500
(2) Utilities	24,200	24,200	15,812	16,143
(3) Outside Services	20,000	20,000	8,459	7,846
(4) Testing Services	5,500	5,500	4,135	10,103
(5) Engineering Fees	2,000	2,000	19,171	
(6) Legal Fees	1,000	1,000		
(7) Plant Supplies	1,000	1,000	190	177
(8) Chemicals	3,000	3,000	2,069	1,451
(9) Electrical and Mechanical Equipment Repair	500	500	138	
(10) Equipment/Stationary	3,000	3,000	4,281	3,306
(11) Laboratory Supplies	1,300	1,300	421	1,037
(12) Insurance	3,100	3,100	2,936	2,856
(13) Safety Equipment	900	900		164
(14) Taxes and Fees	6,000	6,000	5,792	5,726
(15) Printing Expenses	200	200		
(16) Indirect Administration, Legal and Fiscal Expenses	50,000	50,000	47,187	43,295
Total Operating and Maintenance Expenses	<u>174,200</u>	<u>174,200</u>	<u>163,091</u>	<u>144,604</u>
Renewal and Replacement	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
	<u>180,200</u>	<u>180,200</u>	<u>169,091</u>	<u>150,604</u>
Excess or (Deficit) in Actual Revenues and Expenses			10,021	29,296
Reconciliation of Budgetary Basis To Change in Net Position:				
Retained Earnings Appropriated			(6,000)	(7,000)
Depreciation			(17,284)	(17,518)
Non-Operating Expenses				(127)
Renewal and Replacement (Net)			6,000	6,000
			<u>(17,284)</u>	<u>(18,645)</u>
Change in Net Position			<u>(7,263)</u>	<u>10,651</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

SOLID WASTE FACILITIES FUND
 SCHEDULE OF REVENUE, EXPENSES AND
 CHANGES IN NET POSITION
 RESTRICTED AND UNRESTRICTED
 FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2012

	Unrestricted	Invested in Capital Assets	Renewal and Replacement	Restricted Operations	Landfill Cell Closure/ Postclosure	Total
Operating Revenue:						
Tipping Fees	11,860,873					11,860,873
Recycle Markets	165,570					165,570
Operating Grant	143,320					143,320
Interest from Users	1,344					1,344
Landfill Gas Sales	185,164					185,164
Interest on Operating Investments	130,564					130,564
Miscellaneous	37,324					37,324
	<u>12,524,159</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,524,159</u>
Operating Expenses:						
Administration, Operations, Maintenance and Reserves	7,543,907					7,543,907
Depreciation	1,982,780					1,982,780
	<u>9,526,687</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,526,687</u>
Operating Income	<u>2,997,472</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,997,472</u>
Non-Operating Revenues / (Expenses):						
Interest Income			44,143		228,849	272,992
Budget Appropriation			500,000		300,000	800,000
Investment Expenses	(110,512)				(32,642)	(143,154)
Gain on Disposal of Equipment	99,289					99,289
Interest Expense	(96,446)	1,118,131			(1,240,025)	(96,446)
Cell Closure Expenditures (Net)		311,127			596,256	(121,894)
Postclosure Expenditures (Net)		931,003	(931,003)		(311,127)	596,256
Loan Deobligation						0
Renewal & Replacement Expenditures						0
Amortization	28,499					28,499
	<u>2,918,302</u>	<u>2,360,261</u>	<u>(386,860)</u>	<u>0</u>	<u>(458,689)</u>	<u>4,433,014</u>
Income or (Loss) Before Transfers	<u>50,847</u>	<u>(113,847)</u>		<u>63,000</u>		<u>0</u>
Transfers:						
Other						
	2,969,149	2,246,414	(386,860)	63,000	(458,689)	4,433,014
Increase/(Decrease) in Net Position	<u>(15,533,233)</u>	<u>8,848,374</u>	<u>2,570,100</u>	<u>2,234,000</u>	<u>453,426</u>	<u>(1,427,333)</u>
Net Position - December 1, (Restated)	<u>(12,564,084)</u>	<u>11,094,788</u>	<u>2,183,240</u>	<u>2,297,000</u>	<u>(5,263)</u>	<u>3,005,681</u>
Net Position - November 30,	<u>0</u>					
Designated	(12,564,084)					(12,564,084)
Undesignated	(12,564,084)					(12,564,084)

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

SOLID WASTE FACILITIES FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Trustee Revenue Account	Revenue Operating Account	Petty Cash	General Fund
Cash, Cash Equivalents and Investments - December 1, 2018	859,612	302,142	2,100	5,993,138
Cash Receipts:				
Solid Waste Revenues		12,106,956		
Interest on Investments	10,171			118,648
Budget Appropriation				
Landfill Gas Purchase		185,164		
Operating Grant		143,320		
Other		275,340		
Transfers	12,667,364	9,677,512		1,726,865
Total Cash Receipts	<u>12,677,535</u>	<u>22,388,292</u>	<u>-</u>	<u>1,845,513</u>
Cash and Investments Available	<u>13,537,147</u>	<u>22,690,434</u>	<u>2,100</u>	<u>7,838,651</u>
Cash Disbursements:				
Operations		8,871,853		
Loan Principal Payments	856,393			
Loan Interest Payments	99,446			
Other	5,970	110,513		
Transfers	11,404,377	12,667,364		
Total Cash Disbursements	<u>12,366,186</u>	<u>21,649,730</u>	<u>-</u>	<u>-</u>
Cash, Cash Equivalents and Investments - November 30, 2019	<u>1,170,961</u>	<u>1,040,704</u>	<u>2,100</u>	<u>7,838,651</u>
Analysis of Balance:				
Unrestricted	1,082,597	1,040,704	2,100	5,541,651
Restricted	88,364	-	-	2,297,000
	<u>1,170,961</u>	<u>1,040,704</u>	<u>2,100</u>	<u>7,838,651</u>
Cash and Cash Equivalents	1,170,961	1,040,704	2,100	7,838,651
Investments	-	-	-	-
	<u>1,170,961</u>	<u>1,040,704</u>	<u>2,100</u>	<u>7,838,651</u>
Analysis of Restricted Accounts:				
Operations	-			2,297,000
Cell Closure	88,364			-
	<u>88,364</u>			<u>2,297,000</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SOLID WASTE FACILITIES FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	<u>Construction</u>	<u>Renewal and Replacement</u>	<u>Planning Fund</u>	<u>Retained Percentages</u>
Cash, Cash Equivalents and Investments - December 1, 2018	100,958	2,570,100	54,459	7,437
Cash Receipts:				
Solid Waste Revenues				
Interest on Investments	1,745	44,143		
Budget Appropriation		500,000		
Landfill Gas Purchase				
Operating Grant				
Other				8,671
Transfers	931,003			
Total Cash Receipts	<u>932,748</u>	<u>544,143</u>	<u>-</u>	<u>8,671</u>
Cash and Investments Available	<u>1,033,706</u>	<u>3,114,243</u>	<u>54,459</u>	<u>16,108</u>
Cash Disbursements:				
Operations				
Loan Principal Payments				
Loan Interest Payments				
Other	931,003			8,671
Transfers		931,003		
Total Cash Disbursements	<u>931,003</u>	<u>931,003</u>	<u>-</u>	<u>8,671</u>
Cash, Cash Equivalents and Investments - November 30, 2019	<u>102,703</u>	<u>2,183,240</u>	<u>54,459</u>	<u>7,437</u>
Analysis of Balance:				
Unrestricted	-	-	54,459	-
Restricted	102,703	2,183,240	-	7,437
	<u>102,703</u>	<u>2,183,240</u>	<u>54,459</u>	<u>7,437</u>
Cash and Cash Equivalents Investments	<u>102,703</u>	<u>2,183,240</u>	<u>54,459</u>	<u>7,437</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

SOLID WASTE FACILITIES FUND
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN CASH AND INVESTMENTS
 UNRESTRICTED AND RESTRICTED ACCOUNTS
 FOR THE YEAR ENDED NOVEMBER 30, 2019

	Cell Closure Account	Landfill Postclosure Account	Total
Cash, Cash Equivalents and Investments - December 1, 2018	3,835,825	10,740,704	24,466,475
Cash Receipts:			
Solid Waste Revenues			12,106,956
Interest on Investments		228,849	403,556
Budget Appropriation	300,000		800,000
Landfill Gas Purchase			185,164
Operating Grant			143,320
Other	5,881	110,007	399,899
Transfers			25,002,744
Total Cash Receipts	<u>305,881</u>	<u>338,856</u>	<u>39,041,639</u>
Cash and Investments Available	<u>4,141,706</u>	<u>11,079,560</u>	<u>63,508,114</u>
Cash Disbursements:			
Operations			8,871,853
Loan Principal Payments			856,393
Loan Interest Payments			99,446
Other	1,005,330	32,642	2,094,129
Transfers			25,002,744
Total Cash Disbursements	<u>1,005,330</u>	<u>32,642</u>	<u>36,924,565</u>
Cash, Cash Equivalents and Investments - November 30, 2019	<u>3,136,376</u>	<u>11,046,918</u>	<u>26,583,549</u>
Analysis of Balance:			
Unrestricted	-	-	7,721,511
Restricted	3,136,376	11,046,918	18,862,038
	<u>3,136,376</u>	<u>11,046,918</u>	<u>26,583,549</u>
Cash and Cash Equivalents	3,136,376	128,869	15,665,500
Investments	-	10,918,049	10,918,049
	<u>3,136,376</u>	<u>11,046,918</u>	<u>26,583,549</u>

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITYSOLID WASTE FACILITIES FUND
SCHEDULE OF OPERATING REVENUESCOMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2018

	<u>FY 2019</u> <u>Budget</u>	<u>FY 2019</u> <u>Budget after</u> <u>Modifications</u>	<u>FY 2019</u> <u>Actual</u>	<u>FY 2018</u> <u>Actual</u>
Revenue:				
Tipping Fees	10,351,000	10,351,000	11,860,873	11,578,103
Gross Sales on Recycle Markets			165,570	223,121
Interest on Investment and Deposits	70,000	70,000	130,564	67,429
Interest from Users			1,344	12,140
Operating Grant	120,000	120,000	143,320	143,320
Landfill Gas Sales	151,000	151,000	185,164	162,103
Miscellaneous			37,324	12,291
Total Revenue	<u>10,692,000</u>	<u>10,692,000</u>	<u>12,524,159</u>	<u>12,198,507</u>
Expenses:				
Operating and Maintenance (LF)				
(1) Salaries	2,325,500	2,325,500	2,089,441	2,122,685
(2) Benefits	1,229,900	1,229,900	982,585	1,075,765
(2) PERS	266,000	266,000	254,003	233,581
(3) Personnel Services	23,500	23,500	30,666	28,296
(4) Engineering and Consulting	161,000	161,000	143,895	162,690
(5) Legal Fees	25,000	25,000	3,345	4,538
(6) Indirect Administrative	658,000	658,000	620,979	577,267
(7) Trustee and Banking Fees	14,000	14,000	6,970	1,000
(8) Insurance	296,000	296,000	217,094	213,368
(9) Auditing/Accounting Fees	3,000	3,000		3,246
(10) Seminars and Dues	8,500	8,500	9,306	12,609
(11) Travel and Expenses	1,000	1,000	1,665	1,202
(12) Office Supplies	9,000	9,000	24,030	13,140
(14) Advertising	4,000	4,000	6,239	4,336
(15) Printing	6,000	6,000	5,146	7,658
(16) Postage				197
(17) Publications and Subscriptions	500	500	668	1,263
(18) Custodial Supplies	9,000	9,000	9,282	9,464
(19) Safety Equipment	15,000	15,000	14,466	14,374
(20) Chemicals/Supplies	264,500	264,500	180,438	233,135
(21) Plant Supplies	30,000	30,000	22,275	19,150
(22) Testing Services	49,500	49,500	43,374	41,374
(23) Outside Services	172,000	172,000	129,737	177,037
(24) Utilities	425,000	425,000	355,459	429,252
(25) Motor Vehicles and Equipment	548,000	548,000	181,112	278,604
(26) Equipment/Stationary	33,000	33,000	16,403	45,177
(27) Electrical Equipment/Repairs	46,000	46,000	23,840	33,333
(28) Leachate Disposal	250,000	250,000	246,046	248,729
(29) Recycling Services	57,000	57,000	56,377	41,122
(30) Landfill Gas System	73,600	73,600	60,056	41,361
(31) Host Community Benefit Payments	515,000	515,000	551,705	531,233
(32) Special Accounts	103,000	103,000	112,666	861,000
(33) Taxes and Fees	559,500	559,500	544,151	525,136
	<u>8,181,000</u>	<u>8,181,000</u>	<u>6,943,419</u>	<u>7,992,322</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

SOLID WASTE FACILITIES FUND
SCHEDULE OF OPERATING REVENUES
COMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2018

	<u>FY 2019 Budget</u>	<u>FY 2019 Budget after Modifications</u>	<u>FY 2019 Actual</u>	<u>FY 2018 Actual</u>
Capital Outlay	<u>755,000</u>	<u>755,000</u>	<u>484,988</u>	
Debt Service:				
Bond Principal	856,000	856,000	856,000	451,000
Interest on Bonds	<u>100,000</u>	<u>100,000</u>	<u>96,446</u>	<u>150,694</u>
	<u>956,000</u>	<u>956,000</u>	<u>952,446</u>	<u>601,694</u>
Reserves:				
Renewal and Replacement	500,000	500,000	500,000	1,000,000
Post Closure Care Fund	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>108,589</u>
	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>1,108,589</u>
Total Solid Waste Appropriations	<u>10,692,000</u>	<u>10,692,000</u>	<u>9,180,853</u>	<u>9,702,605</u>
Excess or Deficit in Actual Revenues and Expenses			3,343,306	2,495,902
Reconciliation of Budgetary Basis To Change in Net Position:				
Depreciation Expense			(1,982,780)	(1,842,070)
Amortization			28,499	28,499
Debt Issuance Costs				(95,498)
Gain on Disposal of Equipment			99,289	
Adjustment to Pension Expense			(165,217)	(288,981)
Adjustment for OPEB Expense			364,729	
Interest on Non-Operating Investments			272,992	143,563
Investment Expenses			(143,154)	(117,214)
Net Closure/Postclosure Care Expenses			474,362	(2,084,706)
Capital Outlay			484,988	
Budget Appropriation - Renewal & Replacement			500,000	1,000,000
Budget Appropriation - Cell Closure			300,000	861,000
Bond Principal Payments			<u>856,000</u>	<u>451,000</u>
Change in Net Position			<u>4,433,014</u>	<u>551,495</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY**OTHER SEWER COMPANIES
STATEMENT OF NET POSITION
FOR THE YEAR ENDED NOVEMBER 30, 2019**

	<u>Frankford Township</u>	<u>Luke/ Lovey's</u>	<u>Montague Sewer Co.</u>	<u>Sparta Plaza</u>	<u>Total</u>
<u>Assets:</u>					
Cash and Cash Equivalents	<u>4,123</u>	<u>2</u>	<u>461</u>	<u>60</u>	<u>4,646</u>
Total Assets	<u>4,123</u>	<u>2</u>	<u>461</u>	<u>60</u>	<u>4,646</u>
 <u>Liabilities And Net Position:</u>					
Escrow Deposits Payable	<u>4,123</u>	<u>2</u>	<u>461</u>	<u>60</u>	<u>4,646</u>
Total Liabilities And Net Position	<u>4,123</u>	<u>2</u>	<u>461</u>	<u>60</u>	<u>4,646</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
RESTRICTED AND UNRESTRICTED
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	Unrestricted	Invested in Capital Assets	Restricted		Total
			Renewal and Replacement	Debt Service	
Operating Revenue:					
User Charges	600,500				600,500
Interest on Investments			339	11,039	11,378
Connection Fees	854				854
	601,354	-	339	11,039	612,732
Operating Expenses:					
Operating, Maintenance and Reserves	254,282				254,282
Depreciation		321,415			321,415
	254,282	321,415	-	-	575,697
Operating Income	347,072	(321,415)	339	11,039	37,035
Non-Operating Revenue/(Expenses):					
Payment to Upper Wallkill - Repayment of County Loan	(18,650)				(18,650)
Interest Expense	(196,693)				(196,693)
Income/(Loss) Before Contributions and Transfers	131,729	(321,415)	339	11,039	(178,308)
Transfers:					
Interest	9,483			(9,483)	-
Bond Principal Payment	(120,166)	120,166			-
Increase (Decrease) in Net Position	21,046	(201,249)	339	1,556	(178,308)
Net Position - December 1,	684,901	4,586,946	20,000	59,697	5,351,544
Net Position - November 30,	705,947	4,385,697	20,339	61,253	5,173,236
Designated	49,500				
Undesignated	656,447				
	705,947				

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Depository Account	Revenue Fund	Operating Fund	Bond Service Fund	Renewal & Replacement Fund	Total
Cash, Cash Equivalents and Investments- December 1, 2018	5,000	625,571	47,485	159,390	20,000	857,446
Cash Receipts:						
Interest on Investments		9,404		1,635	339	11,378
User Charges	610,134					610,134
Connection Fees	854					854
Other	4,705					4,705
Transfers		615,693	597,496	318,416		1,531,605
Total Cash Receipts	615,693	625,097	597,496	320,051	339	2,158,676
Total Cash And Investments Available	620,693	1,250,668	644,981	479,441	20,339	3,016,122
Cash Disbursements:						
Expenses			279,080			279,080
Principal Payments			120,166			120,166
Interest Payments			198,250			198,250
Transfers	615,693	597,496		318,416		1,531,605
Total Cash Disbursements	615,693	597,496	597,496	318,416	-	2,129,101
Cash, Cash Equivalents and Investments- November 30, 2019	5,000	653,172	47,485	161,025	20,339	887,021
Analysis of Balance:						
Unrestricted	5,000	653,172	47,485	1,817	-	707,474
Restricted	-	-	-	159,208	20,339	179,547
	5,000	653,172	47,485	161,025	20,339	887,021
Cash and Cash Equivalents	5,000	653,172	47,485	161,025	20,339	887,021
Investments	-	-	-	-	-	-
	5,000	653,172	47,485	161,025	20,339	887,021

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF OPERATING REVENUES AND
COSTS FUNDED BY OPERATING REVENUES
COMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2018

	FY 2019 Budget	FY 2019 Budget After Modification	FY 2019 Actual	FY 2018 Actual
Revenue:				
User Charges	597,500	597,500	600,500	600,800
Interest on Investments and Deposits	3,000	3,000	11,378	6,342
Connection Fees			854	1,479
Total Operating Revenue	600,500	600,500	612,732	608,621
Expenses:				
Operating and Maintenance				
(1) Engineering and Consulting Services	11,000	11,000	14,998	15,391
(2) Legal Fees	500	500	475	2,566
(3) Indirect Administration, Legal and Fiscal Expenses	50,000	50,000	47,187	43,295
(4) Trustee and Banking Fees			1,500	1,550
(5) Audit/Accounting Fees				3,023
(6) Insurance	10,000	10,000	9,411	9,160
(7) Printing Expenses	300	300		
(8) Safety Equipment	400	400		
(9) Chemicals	1,000	1,000		1,152
(10) Laboratory Supplies	700	700	951	654
(11) Plant Supplies	600	600	429	546
(12) Testing Services	2,000	2,000	887	1,121
(13) Outside Services	13,800	13,800	29,074	16,562
(14) Utilities	71,000	71,000	49,117	54,218
(15) Motor Vehicles and Equipment	200	200	162	162
(16) Equipment/Stationary	1,000	1,000	2,127	1,802
(17) Electrical and Mechanical Equipment Repair	1,000	1,000	320	320
(18) Payment to Upper Walkkill for Operating and Maintenance Services	88,000	88,000	88,000	88,000
(19) Taxes and Fees	9,000	9,000	8,923	8,755
Total Operating and Maintenance Expenses	260,500	260,500	254,282	248,277
Debt Service:				
Principal	123,000	123,000	123,000	118,500
Interest	197,000	197,000	196,693	199,786
	320,000	320,000	319,693	318,286
Reserves:				
Renewal & Replacement	20,000	20,000		20,000
	600,500	600,500	573,975	586,563
Excess or (Deficit) in Actual Revenues and Expenses			38,757	22,058
Reconciliation of Budgetary Basis To Change in Net Position:				
Depreciation			(321,415)	(320,750)
Debt Service Principal			123,000	118,500
Payment to Upper Walkkill - Repayment of County Loan			(18,650)	
Renewal & Replacement Appropriation				20,000
			(217,065)	(182,250)
Change in Net Position			(178,308)	(160,192)

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 PAULINSKILL WATER RECLAMATION SYSTEM
 SCHEDULE OF USDA LOANS PAYABLE
 NOVEMBER 30, 2012

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2018	Issued	Refunded or Paid	Balance Nov. 30, 2019
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 1	09/20/16	\$ 5,496,000	2.750%	12/01/19	41,721				
				06/01/20	42,294				
				12/01/20	42,876				
				06/01/21	43,465				
				12/01/21	44,063				
				06/01/22	44,669				
				12/01/22	45,283				
				06/01/23	45,906				
				12/01/23	46,537				
				06/01/24	47,177				
				12/01/24	47,825				
				06/01/25	48,483				
				12/01/25	49,150				
				06/01/26	49,826				
				12/01/26	50,511				
				06/01/27	51,205				
				12/01/27	51,909				
				06/01/28	52,623				
				12/01/28	53,347				
			06/01/29	54,080					
			12/01/29	54,824					
			06/01/30	55,577					
			12/01/30	56,342					
			06/01/31	57,116					
			12/01/31	57,902					
			06/01/32	58,698					
			12/01/32	59,505					
			06/01/33	60,323					
			12/01/33	61,153					
			06/01/34	61,993					
			12/01/34	62,846					
			06/01/35	63,710					
			12/01/35	64,586					
			06/01/36	65,474					
			12/01/36	66,374					
			06/01/37	67,287					
			12/01/37	68,212					
			06/01/38	69,150					
			12/01/38	70,101					

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 PAULINSKILL WATER RECLAMATION SYSTEM
 SCHEDULE OF USDA LOANS PAYABLE
 NOVEMBER 30, 2012

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2018	Issued	Refunded or Paid	Balance Nov. 30, 2019
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 1 (continued)	09/20/16	\$ 5,496,000	2.750%	06/01/39	71,065				
				12/01/39	72,042				
				06/01/40	73,033				
				12/01/40	74,037				
				06/01/41	75,055				
				12/01/41	76,087				
				06/01/42	77,133				
				12/01/42	78,194				
				06/01/43	79,269				
				12/01/43	80,359				
				06/01/44	81,464				
				12/01/44	82,584				
				06/01/45	83,719				
				12/01/45	84,870				
				06/01/46	86,037				
				12/01/46	87,220				
				06/01/47	88,420				
				12/01/47	89,635				
				06/01/48	90,868				
				12/01/48	92,117				
				06/01/49	93,384				
				12/01/49	94,668				
				06/01/50	95,970				
				12/01/50	97,289				
				06/01/51	98,627				
				12/01/51	99,983				
				06/01/52	101,358				
				12/01/52	102,752				
				06/01/53	104,164				
				12/01/53	105,597				
				06/01/54	107,049				
				12/01/54	108,521				
				06/01/55	110,013				
				12/01/55	111,525				
				06/01/56	107,501				
						5,377,484		81,751	5,295,733

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 PAULINSKILL WATER RECLAMATION SYSTEM
 SCHEDULE OF USDA LOANS PAYABLE
 NOVEMBER 30, 2019

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2018	Issued	Refunded or Paid	Balance Nov. 30, 2019
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 3	09/20/16	\$ 757,000	2.250%	12/01/19	6,349				
				06/01/20	6,421				
				12/01/20	6,493				
				06/01/21	6,566				
				12/01/21	6,640				
				06/01/22	6,714				
				12/01/22	6,790				
				06/01/23	6,866				
				12/01/23	6,944				
				06/01/24	7,022				
				12/01/24	7,101				
				06/01/25	7,181				
				12/01/25	7,261				
				06/01/26	7,343				
				12/01/26	7,426				
				06/01/27	7,509				
				12/01/27	7,594				
				06/01/28	7,679				
				12/01/28	7,765				
				06/01/29	7,853				
		12/01/29	7,941						
		06/01/30	8,030						
		12/01/30	8,121						
		06/01/31	8,212						
		12/01/31	8,305						
		06/01/32	8,398						
		12/01/32	8,492						
		06/01/33	8,588						
		12/01/33	8,685						
		06/01/34	8,782						
		12/01/34	8,881						
		06/01/35	8,981						
		12/01/35	9,082						
		06/01/36	9,184						
		12/01/36	9,288						
		06/01/37	9,392						
		12/01/37	9,498						
		06/01/38	9,605						
		12/01/38	9,713						

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 PAULINSKILL WATER RECLAMATION SYSTEM
 SCHEDULE OF USDA LOANS PAYABLE
 NOVEMBER 30, 2012

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2018	Issued	Refunded or Paid	Balance Nov. 30, 2019
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 3 (continued)	09/20/16	\$ 757,000	2.250%	06/01/39	9,822				
				12/01/39	9,932				
				06/01/40	10,044				
				12/01/40	10,157				
				06/01/41	10,271				
				12/01/41	10,387				
				06/01/42	10,504				
				12/01/42	10,622				
				06/01/43	10,742				
				12/01/43	10,862				
				06/01/44	10,985				
				12/01/44	11,108				
				06/01/45	11,233				
				12/01/45	11,359				
				06/01/46	11,487				
				12/01/46	11,617				
				06/01/47	11,747				
				12/01/47	11,879				
				06/01/48	12,013				
				12/01/48	12,148				
				06/01/49	12,285				
				12/01/49	12,423				
				06/01/50	12,563				
				12/01/50	12,704				
				06/01/51	12,847				
				12/01/51	12,992				
				06/01/52	13,138				
				12/01/52	13,285				
				06/01/53	13,435				
				12/01/53	13,586				
				06/01/54	13,739				
				12/01/54	13,894				
				06/01/55	14,050				
				12/01/55	14,208				
				06/01/56	13,535				
						738,785		12,487	726,298

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2019

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2018	Issued	Refunded or Paid	Balance Nov. 30, 2019
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 5	09/20/16	\$ 1,572,000	2.250%	12/01/18	12,891				
				06/01/19	13,037				
				12/01/19	13,183				
				06/01/20	13,331				
				12/01/20	13,481				
				06/01/21	13,633				
				12/01/21	13,787				
				06/01/22	13,942				
				12/01/22	14,098				
				06/01/23	14,257				
				12/01/23	14,417				
				06/01/24	14,580				
				12/01/24	14,744				
				06/01/25	14,910				
				12/01/25	15,077				
				06/01/26	15,247				
				12/01/26	15,418				
				06/01/27	15,592				
				12/01/27	15,767				
				06/01/28	15,945				
			12/01/28	16,124					
			06/01/29	16,305					
			12/01/29	16,489					
			06/01/30	16,674					
			12/01/30	16,862					
			06/01/31	17,052					
			12/01/31	17,243					
			06/01/32	17,437					
			12/01/32	17,634					
			06/01/33	17,832					
			12/01/33	18,033					
			06/01/34	18,235					
			12/01/34	18,441					
			06/01/35	18,648					
			12/01/35	18,858					
			06/01/36	19,070					
			12/01/36	19,285					
			06/01/37	19,502					
			12/01/37	19,721					
			06/01/38	19,943					
			12/01/38	20,167					

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2019

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2018	Issued	Refunded or Paid	Balance Nov. 30, 2019
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 5 (continued)	09/20/16	\$ 1,572,000	2.250%	06/01/39	20,394				
				12/01/39	20,623				
				06/01/40	20,855				
				12/01/40	21,090				
				06/01/41	21,327				
				12/01/41	21,567				
				06/01/42	21,810				
				12/01/42	22,055				
				06/01/43	22,303				
				12/01/43	22,554				
				06/01/44	22,808				
				12/01/44	23,065				
				06/01/45	23,324				
				12/01/45	23,587				
				06/01/46	23,852				
				12/01/46	24,120				
				06/01/47	24,392				
				12/01/47	24,666				
				06/01/48	24,943				
				12/01/48	25,224				
				06/01/49	25,508				
				12/01/49	25,795				
				06/01/50	26,085				
				12/01/50	26,378				
				06/01/51	26,675				
				12/01/51	26,975				
				06/01/52	27,279				
				12/01/52	27,586				
				06/01/53	27,896				
				12/01/53	28,210				
				06/01/54	28,527				
				12/01/54	28,848				
				06/01/55	29,173				
				12/01/55	29,501				
				06/01/56	28,293				
						1,534,180		25,928	1,508,252
						7,650,449		120,166	7,530,283
GRAND TOTAL									
				Current Portion		120,167			122,713
				Long-Term Portion		7,530,282			7,407,570
						7,650,449			7,530,283

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
WALLKILL WATERSHED PROJECT FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND INVESTMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

Cash, Cash Equivalents and Investments- December 1, 2018	33,086
Cash Receipts:	
Operating Grants	519,245
Donation	500
	519,745
Total Cash Receipts	519,745
Total Cash And Investments Available	552,831
Cash Disbursements:	
Project Expenses	427,682
	427,682
Total Cash Disbursements	427,682
Cash, Cash Equivalents and Investments- November 30, 2019	125,149
Analysis of Balance:	
Unrestricted	125,149
Restricted	-
	125,149
 Cash and Cash Equivalents	 125,149
Investments	-
	125,149

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	<u>Administrative Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	241,006
Prepaid Expenses	<u>4,674</u>
Total Current Assets	<u>245,680</u>
Restricted Assets	
Cash and Cash Equivalents	252,776
Investments	<u>388,111</u>
Total Noncurrent Assets	<u>640,887</u>
Total Assets	<u>886,567</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,956
Payroll Taxes Payable	1,498
Due to Other Funds	<u>242,226</u>
Total Current Liabilities	<u>245,680</u>
Total Liabilities	<u>245,680</u>
NET POSITION	
Restricted:	
Reserve for Unemployment Insurance	<u>640,887</u>
Total Net Position	<u><u>640,887</u></u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY**INTERNAL SERVICE FUNDS**
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	<u>Administrative Services</u>
Operating Revenues:	
User Charges	1,468,454
Interest Income	1,404
Miscellaneous Income	
Unemployment Contributions	<u>1,272</u>
Total Operating Revenue	<u>1,471,130</u>
Operating Expenses:	
Administrative and General Expenses	1,468,454
Unemployment Claims	<u>2,150</u>
Total Operating Expenses	<u>1,470,604</u>
Operating Income	<u>526</u>
Net Position - Beginning	<u>640,361</u>
Net Position - Ending	<u><u>640,887</u></u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	<u>Administrative Services</u>
Cash Flows From Operating Activities:	
Cash Received from Users	1,468,454
Other Operating Receipts	1,272
Interest Received	1,404
Cash Paid to Employees	(849,846)
Cash Paid for Employee Benefits	(438,044)
Cash Paid to Suppliers and Professional contractors	(232,321)
Net Cash Provided/(Required) By Operating Activities	(49,081)
Cash Flows From Investing Activities:	
Sales (Purchases) of Investments	(1,391)
Net Cash Provided/(Required) By Investing Activities	(1,391)
Increase/(Decrease) In Cash And Cash Equivalents	(50,472)
Cash And Cash Equivalents - December 1,	544,254
Cash And Cash Equivalents - November 30,	493,782
Classified As:	
Unrestricted Assets	241,006
Restricted Assets	252,776
	493,782
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	526
Items Affecting Cash from Operations:	
Decrease / (Increase) in:	
Prepaid Expenses	1
Increase / (Decrease) in:	
Accounts Payable and Accrued Liabilities	(49,608)
Net Cash Provided/(Required) by Operating Activities	(49,081)

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards
Fiscal Year Ended November 30, 2019

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Program Amount	Grant Period		Cash Received Current Year	Total	Program Expenditures Current Year	Total
				From	To				
U.S. Environmental Protection Agency <i>Pass Through New Jersey Department of Environmental Protection:</i> Capitalization Grants for Clean Water State Revolving Funds: NIDEP Loan	66.458	S342008-05	\$ 6,227,342	12/01/16	11/30/18	6,227,342	6,227,342	6,227,342	6,227,342
Performance Partnership Grants: Section 319H Pollution Control and Management Implementation Grant	66.605	100-042-4801-442-V77R-6120-7W319HXX	\$ 700,000	09/03/13	12/31/19	126,000	630,000	87,064	585,636
Implementation of Sussex County Restoration and Stewardship Initiative	66.605	100-042-4801-442-V77R-6130-7W319HXX	\$ 800,000	10/01/17	09/30/20	144,000	144,000	93,328	163,448
U.S. Department of Agriculture: Natural Resources Conservation Service									
Soil and Water Conservation	10.902	N/A	\$ 149,592	09/16/16	08/31/19	31,856	81,014	47,329	100,832
Wetlands Reserve Program	10.072	N/A	\$ 15,000	09/16/16	08/31/19	2,970	6,194	4,736	8,181
Environmental Quality Incentives Program	10.912	N/A	\$ 25,000	09/16/16	08/31/19	4,619	4,619	7,927	7,927
Regional Conservation Partnership Program	10.932	N/A	\$ 9,000	09/16/16	08/31/19	1,733	1,733	2,844	2,928
Agricultural Conservation Easement Program	10.931	N/A	\$ 11,500	09/16/16	08/31/19	2,114	2,114	3,646	3,646
U.S. Department of the Interior - National Fish and Wildlife Foundation: <i>Pass Through The Nature Conservancy:</i> Restoring Paulinus Kill Floodplain Forests and Functions	15.663	P130201-WRWMQ-NFWF16-18	\$ 56,926	09/01/16	09/29/18	4,565	56,926	-	56,926
Restoring Paulinus Kill Floodplain Forests and Functions	15.663	P130201-F105072-WRWMQ-NFWF-FY19	\$ 62,810	10/15/18	10/15/20	14,820	14,820	26,632	26,632
Building Awareness of Green Infrastructure	15.663	N/A	\$ 177,555	06/01/17	05/31/19	105,992	128,995	94,131	128,995
Building Awareness of Green Infrastructure	15.663	N/A	\$ 238,023	05/01/19	05/31/21	-	-	-	-
						438,669	7,297,757	367,637	7,312,493

Note: This schedule was not subject to an audit in accordance with Title 2, U.S. Code of Federal Regulations (CFR) Part 200.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of State Financial Assistance
Fiscal Year Ended November 30, 2019

State Grantor/Pass-Through Grantor/Program	Pass Through Entity ID No.	State Account Number	Program Amount	Grant Period		Cash Received		Program Expenditures		
				From	To	Prior Years	Current Year	Prior Years	Current Year	Total
<u>New Jersey Department of Environmental Protection:</u> NJ Environmental Infrastructure Trust Program	n/a	\$342008-05	\$ 2,075,781	12/01/16	11/30/18	2,075,781		2,075,781		2,075,781
Recycling Enhancement Act Tax Fund	n/a	042-4910-100-224	\$ 143,320	06/01/18	05/31/19		143,320		143,320	143,320
Recycling Enhancement Act Tax Fund	n/a	042-4910-100-224	\$ 143,320	06/01/19	05/31/20					
Total State Financial Assistance						<u>2,075,781</u>	<u>143,320</u>	<u>2,219,101</u>	<u>143,320</u>	<u>2,219,101</u>

Note: This schedule was not subject to an audit in accordance with State of NJ OMB Circular 15-08.



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Chairperson and Members
Sussex County Municipal Utilities Authority
Lafayette, New Jersey 07848

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Sussex County Municipal Utilities Authority, as of and for the year ended November 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020.

Internal Control Over Financial Reporting

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2019-003 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sussex County Municipal Utilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002.

Sussex County Municipal Utilities Authority Response to Findings

Sussex County Municipal Utilities Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Sussex County Municipal Utilities Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

June 25, 2020

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED NOVEMBER 30, 2019**

2019-001:

CONDITION

The authority has a shortfall in the funding of its Solid Waste Facilities Cell Closure reserve.

CRITERIA

Governmental Accounting Standards Board (GASB) Statement No. 18, that is based upon U.S. Environmental Protection Agency "Solid Waste Disposal Facility Criteria" rules, requires that Municipal Solid Waste Landfills recognize a portion of the estimated cost of landfill closure in the period that solid waste is accepted.

EFFECT

The authority has not fully funded its accrued cell closure liabilities.

CAUSE

There is insufficient cash in the authority's Solid Waste Facilities Cell Closure accounts to properly fund its accrued cell closure liabilities.

RECOMMENDATION

That the authority implement procedures to properly fund its accrued cell closure liabilities.

VIEWS OF RESPONSIBLE OFFICIALS/CORRECTIVE ACTION

The authority will continue to evaluate methods and take steps to fully fund its accrued cell closure liabilities

2019-002:

CONDITION

In various instances, expenditures were charged to line items without budget appropriations.

CRITERIA

No officer, board, body or commission shall, during any fiscal year, expend any money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose. (N.J.S.A. 40A:4-57).

EFFECT

The Authority is not in compliance with N.J.S.A. 40A:4-57.

CAUSE

Expenditures were charged to line items that had no budget appropriation.

RECOMMENDATION

That budget charges be reviewed to ensure that a valid appropriation exists for the expenditure.

VIEWS OF RESPONSIBLE OFFICIALS/CORRECTIVE ACTION

All expenditures will be reviewed to ensure that a valid budget appropriation exists for the expenditure.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED NOVEMBER 30, 2019**

2019-003:

CONDITION

In several instances, it was noted that purchase requisitions were dated and/or approved after the goods or services have been ordered.

CRITERIA

For proper internal control, purchase requisitions should be prepared and approved prior to ordering the goods or services.

EFFECT

Purchasing procedures are not being followed in all cases, resulting in ineffective controls.

CAUSE

Proper procedures were not followed for the purchase of goods or services.

RECOMMENDATION

That the Authority review its purchasing procedures and internal controls and take steps to ensure that purchases are based on approved requisitions issued prior to ordering the goods or services.

VIEWS OF RESPONSIBLE OFFICIALS/CORRECTIVE ACTION

Requisitions will be prepared and approved prior to the ordering of goods or services.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED NOVEMBER 30, 2019**

Status of Prior Year Findings

A review was performed on all prior year's audit findings and corrective action has been taken on all items.

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

GENERAL COMMENTS

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations." If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

N.J.S.A. 40A:11-4 states that every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Authority Counsel's opinion should be sought before a commitment is made.

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

GENERAL COMMENTS, (continued)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

Our review of the Authority's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

NOVEMBER 30, 2019

A review was performed on all prior year recommendations and corrective action was taken on all recommendations.

Problems and weaknesses noted in our review were not of such magnitude that they would effect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, do not hesitate to call us.

We would like to express our gratitude to the management and staff of the Authority for their assistance extended to us throughout the audit.

Wielkatz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

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