

REPORT OF AUDIT
SUSSEX COUNTY
MUNICIPAL UTILITIES AUTHORITY
NOVEMBER 30, 2020

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

TABLE OF CONTENTS

<u>Page</u>		<u>Exhibit</u>
	INTRODUCTORY SECTION	
(i)	Roster of Officials	
	FINANCIAL SECTION	
1	Independent Auditor's Report	
5	Management Discussion and Analysis	
	Basic Financial Statements:	
19	Comparative Statements of Net Position	A
22	Comparative Statements of Revenues, Expenses and Changes in Net Position	B
24	Comparative Statements of Cash Flows	C
26	Notes to Financial Statements	
	REQUIRED SUPPLEMENTARY INFORMATION	
84	Schedules of the Authority's Share of Net Pension Liability - PERS	L-1
85	Schedule of the Authority's Contributions - (PERS)	L-2
86	Notes to Required Schedules of Supplementary Information	L-3
87	Schedule of Authority Share of Net OPEB Liability	RSI-1
88	Schedule of Authority's OPEB Contributions	RSI-2
89	Schedule of Changes in the Authority's Proportionate Share of State OPEB Contributions	RSI-3
90	Note to Required Schedules of Supplementary Information	RSI-4
	SUPPLEMENTAL SCHEDULES	
		<u>Schedule</u>
91	Combining Statement of Net Position - Proprietary Funds	1
96	Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	2
98	Combining Statement of Cash Flows - Proprietary Funds	3

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

TABLE OF CONTENTS, (continued)

<u>Page</u>		<u>Schedule</u>
101	Upper Wallkill Facilities Fund - Schedule of Revenue, Expenses and Changes in Net Position - Restricted and Unrestricted	4
103	Upper Wallkill Facilities Fund- Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments	5
105	Upper Wallkill Facilities Fund - Schedule of Operating Revenues and Cost Funded by Operating Revenues Compared to Budget Year Ended November 30, 2020	6
108	Upper Wallkill Facilities Fund - Schedule of Revenue Bonds Payable	7
111	Hampton Commons Facilities Fund - Schedule of Revenues, Expenses and Changes in Net Position - Restricted and Unrestricted	8
112	Hampton Commons Facilities Fund- Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments - Unrestricted and Restricted Accounts	9
113	Hampton Commons Facilities Fund - Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget Year Ended November 30, 2020 with Comparative Actual Amounts for the Year ended November 30, 2019	10
114	Solid Waste Facilities Fund - Schedule of Revenue, Expenses and Changes in Net Position - Restricted and Unrestricted	11
115	Solid Waste Facilities Fund - Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments - Unrestricted and Restricted Accounts	12
118	Solid Waste Facilities Fund- Schedule of Operating Revenues Compared to Budget Year Ended November 30, 2020 with Comparative Actual Amounts for Year ended November 30, 2019	13
120	Solid Waste Facilities Fund - Schedule of New Jersey Environmental Infrastructure Loans Payable	14
121	Other Sewer Companies - Statement of Net Position for the Year ended November 30, 2020	15

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

TABLE OF CONTENTS, (continued)

<u>Page</u>		<u>Schedule</u>
122	Paulinskill Water Reclamation System- Schedule of Revenue, Expenses and Changes in Net Position- Unrestricted and Restricted Accounts	16
122	Paulinskill Water Reclamation Project - Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments - Unrestricted and Restricted Accounts	17
124	Paulinskill Water Reclamation System- Schedule of Operating, Revenues Compared to Budget, Year ended November 30, 2020- With Comparative Actual Amounts For the Year November 30, 2019	18
125	Paulinskill Water Reclamation Project- Schedule of USDA Loans Payable	19
131	Wallkill Watershed Project Fund - Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments	20
132	Internal Service Funds - Combining Statement of Net Position	21
133	Internal Service Funds - Combining Statement of Revenue, Expenses and Changes in Fund Net Position	22
134	Internal Service Funds - Combining Statement of Cash Flows	23
135	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 Services	
137	Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance As Required by the Uniform Guidance and N.J. OMB Circular 15-08	
140	Schedule of Expenditures of Federal Awards	24
141	Schedule of Expenditures of State Financial Assistance	25
142	Notes to Schedules of Expenditures of Federal and State Awards	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

TABLE OF CONTENTS, (continued)

<u>Page</u>		<u>Schedule</u>
143	Schedule of Findings and Responses	
149	General Comments	

Introductory Section

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
ROSTER OF OFFICIALS
NOVEMBER 30, 2020

Authority Members

Title

Commissioners

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

Other Officials

Thomas Varro, P.E.	Executive Director
Timothy Day	Comptroller
Angelo Baron	Superintendent - Wastewater Facilities (12/1/18- 7/15/20)
Timothy Phillips	Superintendent - Wastewater Facilities (effective 10/7/20)
Jon Morris	Superintendent - Solid Waste Facilities
Thomas Varro, P.E.	Chief Engineer
Cornerstone Engineering Group, LLC	Consulting Engineers - Solid Waste
Mott MacDonald	Consulting Engineers - Wastewater
Cleary, Jacobbe, 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, 2020 to January 1, 2021.

Financial Section



WIELKOTZ & COMPANY^{CPA}
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2020 and 2019, 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, 2020 and 2019, 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 Matter

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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are 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 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, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022 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



Honorable Chairperson and Members
Sussex County Municipal Utilities Authority
Page 4.

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,

Wielkatz & Company, LLC

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

February 1, 2022



Management Discussion and Analysis

**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, 2020 and 2019. 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 \$(1,429,434) (net position) for the fiscal year reported. This compares to the previous year when liabilities exceeded assets by \$(1,477,493).
- Total net position are comprised of the following:
 - (1) Net Investment in Capital Assets, of \$3,842,008 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 \$8,238,762 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$(13,510,204) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority increased by \$17,013,169 to \$107,228,705 during the fiscal year primarily due to increases in the Authority's accounts payable, net OPEB liability, and a construction loan payable to the New Jersey Infrastructure Bank.

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 year's activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report 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 \$(1,429,434). This is a \$48,059 increase over last year's restated net position of \$(1,477,493). A summary of the Authority's statement of net position is presented in the following table:

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

	<u>FY2020</u>	<u>FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Restated FY2018</u>
Current and Other Assets	52,178	42,068	10,110	24.03%	39,083
Capital Assets	56,534	55,226	1,308	2.37%	57,210
Deferred Outflows of Resources	<u>8,877</u>	<u>3,418</u>	<u>5,459</u>	159.71%	<u>4,690</u>
Total Assets and Deferred Outflows	<u>117,589</u>	<u>100,712</u>	<u>16,877</u>		<u>100,983</u>
Long-term Debt Outstanding	58,608	52,708	5,900	11.19%	54,511
Other Liabilities	48,620	37,508	11,112	29.63%	41,238
Deferred Inflows of Resources	<u>11,790</u>	<u>11,973</u>	<u>(183)</u>	(1.53)%	<u>10,417</u>
Total Liabilities and Deferred Inflows	<u>119,018</u>	<u>102,189</u>	<u>16,829</u>		<u>106,166</u>
Net Investment					
In Capital Assets	3,842	3,449	393	11.39%	3,383
Restricted	8,239	9,547	(1,308)	(13.70)%	10,195
Unrestricted	<u>(13,510)</u>	<u>(14,473)</u>	<u>963</u>	(6.65)%	<u>(18,761)</u>
	<u>(1,429)</u>	<u>(1,477)</u>	<u>48</u>	(3.25)%	<u>(5,183)</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 \$48,059.

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

Net Position (Continued)

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

	<u>FY 2020</u>	<u>FY2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Restated FY2018</u>
Operating Revenues	22,253	22,626	(373)	(1.65)%	21,340
Non-Operating Revenues	<u>1,422</u>	<u>2,004</u>	<u>(582)</u>	<u>(29.04)%</u>	<u>2,200</u>
Total Revenues	<u>23,675</u>	<u>24,630</u>	<u>(955)</u>		<u>23,540</u>
Depreciation Expense	5,022	4,861	161	3.31%	4,737
Other Operating Expenses	14,082	13,536	546	4.03%	15,431
Other Non-Operating Expense	<u>4,523</u>	<u>2,527</u>	<u>1,996</u>	<u>78.99%</u>	<u>4,567</u>
Total Expenses	<u>23,627</u>	<u>20,924</u>	<u>2,703</u>		<u>24,735</u>
Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in Net Position	48	3,706	(3,658)	(98.70)%	(1,195)
Beginning Net Position, as Previously Reported	(1,477)	(5,183)	3,706	(71.50)%	(3,828)
Prior Period Adjustment:	<u>-0-</u>	<u>-0-</u>	<u>0</u>		<u>(160)</u>
Net Position December 1, As restated	<u>(1,477)</u>	<u>(5,183)</u>	<u>3,706</u>	<u>(71.50)%</u>	<u>(3,988)</u>
Ending Net Position	<u>(1,429)</u>	<u>(1,477)</u>	<u>48</u>	<u>(3.25)%</u>	<u>(5,183)</u>

The Authority's Operating Revenues increased by \$373,067 to \$22,253,419 in 2020 from \$22,626,486 in 2019 primarily due to decreases in user charges and tipping fees. Nonoperating Revenues decreased by \$581,631 to \$1,421,818 from \$2,003,449 mainly due to decreases in net cell closure revenues.

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 2020 and 2019 budget comparison:

**Budget vs. Actual
FY2020
(000's)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	18,061	22,253	4,192
Non-Operating	<u>1,173</u>	<u>1,422</u>	<u>2,595</u>
	<u>19,234</u>	<u>23,675</u>	<u>4,441</u>
Expenses:			
Operating	16,888	14,082	2,806
Non-Operating	<u>2,346</u>	<u>4,523</u>	<u>(2,177)</u>
	<u>19,234</u>	<u>18,605</u>	<u>629</u>
Income Before Depreciation and Capital Contributions	<u>0</u>	<u>5,070</u>	<u>5,070</u>

**Budget vs. Actual
FY2019
(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>

**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, Solid Waste Facility and Paulinskill 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 2021:

Hampton Commons Facility

a.	Hampton Commons FY2021 Budget		\$183,500
b.	Investment Earnings		
	Earnings on Fund Balances		
	R&R Fund	\$45,000	
	Operating Fund	<u>115,000</u>	
	Average Fund Balance	\$160,000	
	Estimated Interest Rate	<u>.50%</u>	
	Projected Investment Earnings	\$1,000	
c.	Appropriation from Retained Earnings	\$9,500	
	Total Amount of Other Revenues		<u>\$10,500</u>
d.	Amount to be Raised by User Charges		\$173,000
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 FY21 Annual Charge</u>
Hampton Common Homeowners Assoc.	32,000	82.05%	\$173,000	\$141,948.72
Township of Hampton	<u>7,000</u>	<u>17.95%</u>	\$173,000	<u>\$ 31,051.28</u>
		100.00%		\$173,000.00

Calculations of HCHA per Unit charge

<u>D/S & O&M Expenses</u>	=	FY2021 Estimated User Charges
Units		
<u>\$141,949</u>	=	<u>\$473</u> per unit
300		

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

Solid Waste Facilities

Tipping Fee Calculation/Analysis:	\$10,974,000
FY2021 Solid Waste Facilities Budget	
Less: Projected Revenues (other than Tipping Fees):	
A. Recycling Market Revenues	\$235,000
C. Non-Operating Revenues	\$363,000
Total "other" Revenues	<u>\$598,000</u>
Amount to be raised by Tipping Fees	\$10,376,000

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

$$\frac{\text{Revenues Necessary from Tip Fee}}{\text{Est. FY2021 Tonnage}} = \frac{\$10,376,000}{105,000} = \boxed{\$98.82} \text{ per ton}$$

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

Upper Walkkill Facilities

Allocation of Debt Service of Sewer Users (General Charges)

Participant	GPD		FY2021 Projections	% of Total	FY2021 Gen. Charge
Hamburg Borough	246,000	Actual	\$89,790,000	12.15%	\$130,859
Franklin Borough	452,000	Actual	164,980,000	22.32%	240,440
Walkkill Sewer Co.	69,000	Actual	25,185,000	3.41%	36,705
HTMUA	244,000	actual(a)	89,060,000	12.05%	129,795
Sussex Borough	312,000	GMF	113,880,000	15.40%	165,968
Wantage Twp.	36,500	GMF	13,322,500	1.80%	19,416
Sparta Twp.	205,000	GMF	74,825,000	10.12%	109,049
Vernon Twp.	461,000	GMF	168,265,000	22.75%	245,228
	<u>2,025,000</u>		<u>\$ 739,307,500</u>	<u>100.00%</u>	<u>\$ 1,077,460</u>

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

Participant	GPD		FY2021 Projections	% of Total	FY2021 O&M Charge
Hamburg Borough	246,000	Actual	89,790,000	11.59%	385,710
Franklin Borough	452,000	Actual	164,980,000	21.30%	708,703
Walkkill Sewer Co.	69,000	Actual	25,185,000	3.25%	108,187
HTMUA	309,000	GMF/ actual(b)	112,785,000	14.56%	484,489
Sussex Borough	312,000	GMF	113,880,000	14.70%	489,193
Wantage Twp.	63,000	GMF	22,995,000	2.97%	98,779
Sparta Twp.	210,000	GMF	76,650,000	9.90%	329,265
Vernon Twp.	461,000	GMF	168,265,000	21.73%	722,814
	<u>2,122,000</u>		<u>\$ 774,530,000</u>	<u>100.00%</u>	<u>\$ 3,327,140</u>

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

(b) O&M Charges – HTMUA GMF (302,000 gpd) + YMCA Actual 3,000 gpd) + WVRHS Actual (4,000 gpd)

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

FY2021 Estimated Total Sewer User Charges

Participant	General Charge	Operating Charge	Proj. FY2021 User Charge	FY2020 Estimated User Charge	% Change
Hamburg Borough	\$130,859	\$385,710	\$516,569	\$505,121	2.3%
Franklin Borough	240,440	708,703	949,143	952,938	(0.4)%
Wallkill Sewer Co.	36,705	108,187	144,892	148,565	(2.5)%
HTMUA	129,795	484,489	614,285	622,394	(1.3)%
Sussex Borough	165,968	489,193	655,161	662,175	(1.1)%
Wantage Twp.	19,416	98,779	118,195	118,648	(0.4)%
Sparta Twp.	109,049	329,265	438,314	442,853	(1.0)%
Vernon Twp. (A)	<u>1,245,228</u>	<u>722,814</u>	<u>1,968,042</u>	<u>1,878,406</u>	<u>4.8%</u>
Comparison all system users	\$2,077,460	\$3,327,140	\$5,404,601	\$5,331,100	1.4%

(A) Added in Vernon Additional Bonds \$1,000,000, a \$100,000 increase from FY20

Note: Due to system calculations, rounding error may occur

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

$$\frac{\$4,404,600}{739,307,500} = \$0.00596 \times 1,000 = \$5.96$$

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

Paulinskill Facility – FY2021

a. Paulinskill Facility Proposed FY 2021 Budget		
Debt Service	\$319,000	
O&M	<u>\$286,000</u>	
Total Budget		\$605,000
b. Investment Earnings	\$ 1,500	
c. Appropriation from Retained Earnings	\$ -0-	
d. Connection Fees	\$ 4,000	

Connection Fee Calculation:

Debt Service Paid:	FY18	\$318,286 audited
	FY19	\$319,693 audited
	FY20	<u>\$318,416 unaudited</u>
Total D/S Paid		\$956,395
Total Number of EDU's in Paulinskill System		749.72
Connection Fee Calculation =	$\frac{\text{D/S Paid}}{\text{EDU's}}$	$\frac{\$956,395}{750} = 1,276 \text{ Per EDU}$

Total Amount of Other Revenues \$ 5,500

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. FY2021 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>13,440</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	\$599,500

Calculation of Branchville Borough's Est. FY2021 per EDU Charge

$$\frac{\text{D/S \& O\&M Expenses}}{\text{Units}} = \text{FY2021 Estimated User Charges}$$

$$\frac{\$548,323}{685.715 \text{ EDU's}} = \boxed{\$800} \text{ per unit}$$

Calculation of Frankford Township's Est. FY2021 per EDU Charge

$$\frac{\text{D/S \& O\&M Expenses}}{\text{Units}} = \text{FY2021 Estimated User Charges}$$

$$\frac{\$51,177}{64 \text{ EDU's}} = \boxed{\$800} \text{ per unit}$$

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

Capital Assets

	<u>FY2020</u>	<u>FY2019</u>	<u>Dollar Change</u>	<u>FY 2018</u>
Land	3,834	3,834	0	3,834
Improvements	79,711	79,555	156	79,037
Buildings	66,741	66,022	719	66,022
Machinery and Equipment	<u>23,600</u>	<u>20,790</u>	<u>2,810</u>	<u>20,353</u>
Total Property, Plant and Equipment	173,886	170,201	3,685	169,246
Less: Accumulated Depreciation	<u>(121,227)</u>	<u>(117,333)</u>	<u>(3,894)</u>	<u>(113,136)</u>
	52,659	52,868	(209)	56,110
 Construction in Progress	 <u>3,876</u>	 <u>2,358</u>	 <u>1,518</u>	 <u>1,100</u>
Net Property, Plant and Equipment	<u>56,535</u>	<u>55,226</u>	<u>1,309</u>	<u>57,210</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/ Equipment

The SCMUA Solid Waste Facilities relies on a large amount of mobile equipment to perform its mission. In 2020, the SCMUA has budgeted for: replace crew cab pickup, replaced main scale, upgraded scale software, replaced roll off containers, and replace shop heater.

Leachate Pump Station/Forcemain

In 2020, 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. SCMUA anticipates construction to begin on project in beginning of 2021. This project will be funded through the N.J. Infrastructure Bank and is anticipated to be completed in 2022.

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

Solid Waste Facilities, (continued)

Solid Waste Planning

In 2022, the SCMUA completed construction of a landfill expansion project which is anticipated to allow acceptance of solid waste until 2028. In 2020, SCMUA continued to work with engineer to finalize plans to construct 2 new landfill cells and relocate recycling/ convenience center. 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 2066.

Wastewater Facilities

Upper Wallkill Capital Program

In 2020, a number of projects are proposed utilizing existing Capital Funds. The projects include: replace pumps, paving projects, replace pickup, building improvements and replace mason dump.

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.

At November 30, 2020, the Authority had \$93,981,722 in outstanding debt. Of this amount, \$732,695 is for compensated absences, \$324,949 is for a planning loan from Sussex County, \$17,740,047 is the Authority's net OPEB obligation, \$7,551,456 is the Authority's net pension obligation, \$45,084,747 is for Wastewater bonds and notes payable, \$6,043,626 is for Solid Waste program bonds and notes payable, and \$16,504,202 is for landfill closure and post-closure accrued liabilities.

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2020 AND 2019

Exhibit A
Page 1 of 3

	<u>2020</u>	<u>2019</u>
ASSETS		
Unrestricted Current Assets		
Cash and Cash Equivalents	\$ 16,695,958	\$ 14,868,043
Accounts Receivable (net of allowance for uncollectibles)	946,758	1,132,566
Prepaid Expenses	44,132	43,406
Due From Central Services	324,160	234,349
Due From State of New Jersey	162,000	143,320
	18,173,008	16,421,684
Restricted Current Assets		
Phase 2 Construction Fund		
Cash and Cash Equivalents	455,486	518,598
Due From NJ Infrastructure Bank	6,231,070	
Due From Central Services	7,407	3,376
Phase 3 Construction Fund		
Cash and Cash Equivalents	260,521	260,521
Renewal and Replacement Fund		
Cash and Cash Equivalents	4,485,790	4,155,197
Current Debt Service Fund		
Cash and Cash Equivalents	2,486,236	2,330,286
Retained Percentages Account		
Cash and Cash Equivalents	21,519	21,519
Operations		
Cash and Cash Equivalents	3,389,000	3,335,650
Cell Closure Account		
Cash and Cash Equivalents	3,487,803	3,224,740
Due From NJ Infrastructure Bank	1,174,818	103,708
Due From Central Services	9,624	4,501
Landfill Postclosure Account		
Cash and Cash Equivalents	45,159	128,869
Investments	11,296,493	10,918,049
Unemployment Trust Fund		
Cash and Cash Equivalents	259,551	252,776
Investments	394,478	388,111
	34,004,955	25,645,901
Total Current Assets	52,177,963	42,067,585

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2020 AND 2019

Exhibit A
Page 2 of 3

	<u>2020</u>	<u>2019</u>
Non-Current Assets		
Capital Assets		
Land	3,833,925	3,833,925
Improvements	79,711,175	79,554,656
Buildings	66,740,525	66,022,055
Machinery and Equipment	23,600,326	20,790,473
Accumulated Depreciation	(121,227,183)	(117,332,751)
Construction in Progress	3,875,793	2,357,699
	56,534,561	55,226,057
Total Non-Current Assets	56,534,561	55,226,057
Total Assets	108,712,524	97,293,642
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows- PERS	1,000,455	1,626,149
Deferred Outflows - OPEB	6,682,266	517,447
Deferred Loss on Refunding of Debt	1,193,994	1,274,561
	8,876,715	3,418,157
Total Deferred Outflows of Resources	8,876,715	3,418,157
Total Assets and Deferred Outflows of Resources	\$ 117,589,239	\$ 100,711,799
LIABILITIES		
Current Liabilities (Payable from Unrestricted Assets)		
Payroll Taxes Payable	\$ 2,717	\$ 1,498
Accounts Payable	1,089,717	648,856
Accounts Payable - PERS	506,575	449,041
Due to Other Funds	341,191	242,226
Prepaid Sewer Charges	137,080	
Escrow Deposits	4,646	4,646
Bonds and Loans Payable - Current Portion	876,393	866,394
Accrued Interest on Loans	27,000	30,167
	2,985,319	2,242,828
Total Current Liabilities Payable from Unrestricted Assets	2,985,319	2,242,828
Current Liabilities (Payable from Restricted Assets)		
Accounts Payable - Cell Closure	1,250,206	147,377
Accounts Payable - Construction	545,999	
Retainage Payable	21,519	21,519
Lease Payable	804,604	193,740
Bonds and Loans Payable - Current Portion	2,361,514	2,197,713
Construction Loan Payable- NJ Infrastructure Bank	7,479,947	
Accrued Interest on Bonds	1,035,782	910,133
	13,499,571	3,470,482
Total Current Liabilities Payable from Restricted Assets	13,499,571	3,470,482
Total Current Liabilities	16,484,890	5,713,310

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Non-Current Liabilities		
Net Pension Liability - PERS	7,551,456	8,318,076
Net OPEB Liability	17,740,047	11,265,048
Planning Loan - County of Sussex	324,949	324,949
Accrued Liabilities - Closure and Postclosure Costs	16,504,202	14,237,753
Accrued Liabilities - Compensated Absences	732,695	712,369
USDA Loans Payable	7,280,470	7,407,570
NJEIT Loans Payable	5,167,233	6,043,626
Revenue and Refunding Bonds Payable	<u>35,442,763</u>	<u>36,192,835</u>
 Total Non-Current Liabilities	 <u>90,743,815</u>	 <u>84,502,226</u>
 Total Liabilities	 <u>107,228,705</u>	 <u>90,215,536</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - PERS	3,257,295	3,225,618
Deferred Inflows - OPEB	7,975,514	8,140,777
Bond Premiums - Net	<u>557,159</u>	<u>607,361</u>
 Total Deferred Inflows of Resources	 <u>11,789,968</u>	 <u>11,973,756</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>119,018,673</u>	 <u>102,189,292</u>
 NET POSITION		
Net Investment in Capital Assets	3,842,008	3,448,925
Restricted For:		
Debt Service	1,450,454	1,420,153
Renewal and Replacement	4,485,790	4,155,197
Operations	3,389,000	3,335,650
Landfill Cell Closure/Postclosure	(1,740,511)	(5,263)
Unemployment Trust	654,029	640,887
Unrestricted		
Designated	652,134	535,547
Undesignated	<u>(14,162,338)</u>	<u>(15,008,589)</u>
 Total Net Position	 <u>\$ (1,429,434)</u>	 <u>\$ (1,477,493)</u>

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, 2020 AND 2019

Exhibit B
Page 1 of 2

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
User Charges	\$ 7,506,858	\$ 7,509,067
Treatment of Sludge, Septage and Leachate	1,260,670	1,245,709
Operating and Maintenance Charges - Municipal	176,500	176,500
Tipping Fees	11,699,545	11,860,873
Recycling Markets	147,325	165,570
Connection Fees	588,261	363,299
Operating Grants	468,639	662,565
Finance Charges	19,892	13,496
Interest	76,096	262,441
Miscellaneous	309,633	366,966
	22,253,419	22,626,486
OPERATING EXPENSES		
Administration, Operating, Maintenance and Reserves	14,081,847	13,533,857
Other	649	2,150
Depreciation	5,021,869	4,861,070
	19,104,365	18,397,077
OPERATING INCOME (LOSS)	<u>3,149,054</u>	<u>4,229,409</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	233,801	302,630
Budget Appropriation - Renewal and Replacement	689,000	681,000
Budget Appropriation - Cell Closure	300,000	300,000
Budget Appropriation - Vernon Rate Stabilization	11,104	24,274
Interest Expense	(591,960)	(637,219)
Accreted Interest on Capital Appreciation Bonds	(1,484,928)	(1,494,868)
Amortization of Bond Discount, Premiums	(30,365)	(30,365)
Investment Expenses	(147,530)	(143,154)

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, 2020 AND 2019

Exhibit B
Page 2 of 2

	<u>2020</u>	<u>2019</u>
NON-OPERATING REVENUES (EXPENSES), cont.		
Gain on Disposal of Equipment	187,913	99,289
Debt Issuance Costs	(74,059)	
Other Non-Operating Expenses	(40,000)	(100,000)
Cell Closure Expenditures (Net)	(1,016,260)	(121,894)
Postclosure Expenditures (Net)	<u>(1,137,711)</u>	<u>596,256</u>
 Total Non-Operating Income (Expenses)	 <u>(3,100,995)</u>	 <u>(524,051)</u>
 CHANGE IN NET POSITION	 48,059	 3,705,358
 Net Position, December 1,	 <u>(1,477,493)</u>	 <u>(5,182,851)</u>
 Net Position, November 30,	 <u>\$ (1,429,434)</u>	 <u>\$ (1,477,493)</u>

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF CASH FLOWS
AS OF NOVEMBER 30, 2020 AND 2019

Exhibit C
Page 1 of 2

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Users	\$ 21,116,312	\$ 21,384,657
Cash Received from State of New Jersey	449,959	663,065
Other Operating Receipts	1,025,141	731,109
Interest Received	309,897	565,071
Cash Paid to Employees	(4,328,407)	(3,979,841)
Cash Paid for Employee Benefits	(2,274,643)	(2,268,635)
Cash Paid to Suppliers and Professional Contractors	(6,915,410)	(7,734,000)
Other Operating Payments	(40,000)	(1,008,092)
Interest Paid	<u>(469,478)</u>	<u>(496,276)</u>
Net Cash Provided by Operating Activities	<u>8,873,371</u>	<u>7,857,058</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Bonds and Loans	<u>(2,960,985)</u>	<u>(2,986,559)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(2,960,985)</u>	<u>(2,986,559)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(3,889,325)	(1,976,442)
Vernon Rate Stabilization Appropriation	11,104	24,274
Renewal and Replacement Fund	689,000	681,000
Cell Closure Appropriation	300,000	300,000
Investment Expenses	(147,530)	(143,154)
Sales (Purchases) of Investments	<u>(384,811)</u>	<u>(370,716)</u>
Net Cash Provided by Investing Activities	<u>(3,421,562)</u>	<u>(1,485,038)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,490,824	3,385,461
Cash and Cash Equivalents, December 1,	<u>29,096,199</u>	<u>25,710,738</u>
Cash and Cash Equivalents, November 30,	<u>\$ 31,587,023</u>	<u>\$ 29,096,199</u>
ANALYSIS OF BALANCE AT NOVEMBER 30		
Unrestricted - Cash and Cash Equivalents	16,695,958	14,868,043
Restricted - Cash and Cash Equivalents	<u>14,891,065</u>	<u>14,228,156</u>
	<u>\$ 31,587,023</u>	<u>\$ 29,096,199</u>

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF CASH FLOWS
AS OF NOVEMBER 30, 2020 AND 2019

Exhibit C
Page 2 of 2

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ <u>3,149,054</u>	\$ <u>4,229,409</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,021,869	4,861,070
Interest Received on Non-operating Investments	233,801	302,630
Pension Adjustment - PERS	(51,715)	223,094
OPEB Adjustment	144,917	(506,568)
Interest Paid	(469,478)	(496,276)
Other Non-Operating Expenses	67,355	(1,008,092)
(Increase)/Decrease in Accounts Receivable	188,334	365,178
(Increase)/Decrease in Due From Central Services	(89,811)	42,290
(Increase)/Decrease in Due From State of New Jersey	(18,680)	
(Increase)/Decrease in Prepaid Expenses	(726)	
Increase/(Decrease) in Current Liabilities Payable from Unrestricted Assets	678,125	(56,826)
Increase/(Decrease) in Non-Current Liabilities	<u>20,326</u>	<u>(98,851)</u>
Total Adjustments	<u>5,724,317</u>	<u>3,627,649</u>
Net Cash Provided by Operating Activities	\$ <u><u>8,873,371</u></u>	\$ <u><u>7,857,058</u></u>

See accompanying Notes to the Financial Statements.

Notes to Financial Statements

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020

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, 2020
(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, 2020, 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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020:</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>387,579</u>			<u>3,875,793</u>
Total Capital Assets, Not Being Depreciated	<u>573,834</u>	<u>32,741</u>	<u>6,646,361</u>	<u>456,782</u>		<u>7,709,718</u>
Capital Assets Being Depreciated:						
Improvements	23,065,111		56,646,064			79,711,175
Buildings	41,010,239	510,231	12,902,153	12,317,902		66,740,525
Machinery and Equipment	<u>12,683,461</u>	<u>764,817</u>	<u>9,759,446</u>	<u>386,388</u>	<u>6,214</u>	<u>23,600,326</u>
Total Capital Assets, Being Depreciated	76,758,811	1,275,048	79,307,663	12,704,290	6,214	170,052,026
Less:						
Accumulated Depreciation	<u>(54,008,928)</u>	<u>(1,127,954)</u>	<u>(64,803,500)</u>	<u>(1,282,762)</u>	<u>(4,039)</u>	<u>(121,227,183)</u>
Total Capital Assets Being Depreciated, Net	<u>22,749,883</u>	<u>147,094</u>	<u>14,504,163</u>	<u>11,421,528</u>	<u>2,175</u>	<u>48,824,843</u>
Total Capital Assets, Net	<u>23,323,717</u>	<u>179,835</u>	<u>21,150,524</u>	<u>11,878,310</u>	<u>2,175</u>	<u>56,534,561</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

<u>Fiscal Year Ended Nov. 30, 2019:</u>	<u>Upper Walkill Facilities Fund</u>	<u>Hampton Commons Facilities Fund</u>	<u>Solid Waste Facilities Fund</u>	<u>Paulins Kill Water Reclamation Project</u>	<u>Walkill 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>

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

<u>Upper Walkill Facilities Fund:</u>	<u>Balance Nov. 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Nov. 30, 2020</u>
Capital Assets Not Being Depreciated:				
Land	573,834			573,834
Construction in Progress	<u>1,153,015</u>	<u>61,093</u>	<u>(1,214,108)</u>	<u>0</u>
Total Capital Assets, Not Being Depreciated	<u>1,726,849</u>	<u>61,093</u>	<u>(1,214,108)</u>	<u>573,834</u>
Capital Assets Being Depreciated:				
Improvements	22,977,261	87,850		23,065,111
Buildings	40,294,624	715,615		41,010,239
Machinery and Equipment	<u>11,287,284</u>	<u>1,418,610</u>	<u>(22,433)</u>	<u>12,683,461</u>
Total Capital Assets, Being Depreciated	74,559,169	2,222,075	(22,433)	76,758,811
Less:				
Accumulated Depreciation	<u>(51,454,552)</u>	<u>(2,576,809)</u>	<u>22,433</u>	<u>(54,008,928)</u>
Total Capital Assets Being Depreciated, Net	<u>23,104,617</u>	<u>(354,734)</u>	<u> </u>	<u>22,749,883</u>
Total Capital Assets, Net	<u>24,831,466</u>	<u>(293,641)</u>	<u>(1,214,108)</u>	<u>23,323,717</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

	Balance <u>Nov. 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>Nov. 30, 2020</u>
<u>Hampton Commons Facilities Fund:</u>				
Capital Assets Not Being Depreciated:				
Land	32,741	_____	_____	32,741
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>45,947</u>	<u>(23,400)</u>	<u>764,817</u>
Total Capital Assets, Being Depreciated	1,252,501	45,947	(23,400)	1,275,048
Less:				
Accumulated Depreciation	<u>(1,133,884)</u>	<u>(17,470)</u>	<u>23,400</u>	<u>(1,127,954)</u>
Total Capital Assets Being Depreciated, Net	<u>118,617</u>	<u>28,477</u>	_____	<u>147,094</u>
Total Capital Assets, Net	<u>151,358</u>	<u>28,477</u>	_____	<u>179,835</u>
	Balance <u>Nov. 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>Nov. 30, 2020</u>
<u>Solid Waste Facilities Fund:</u>				
Capital Assets Not Being Depreciated:				
Land	2,770,568			2,770,568
Construction in Progress	<u>1,204,684</u>	<u>2,747,525</u>	<u>(76,416)</u>	<u>3,875,793</u>
Total Capital Assets, Not Being Depreciated	<u>3,975,252</u>	<u>2,747,525</u>	<u>(76,416)</u>	<u>6,646,361</u>
Capital Assets Being Depreciated:				
Improvements	56,577,395	76,416	(7,747)	56,646,064
Buildings	12,902,153			12,902,153
Machinery and Equipment	<u>8,652,399</u>	<u>2,188,652</u>	<u>(1,081,605)</u>	<u>9,759,446</u>
Total Capital Assets, Being Depreciated	78,131,947	2,265,068	(1,089,352)	79,307,663
Less:				
Accumulated Depreciation	<u>(63,783,364)</u>	<u>(2,101,741)</u>	<u>1,081,605</u>	<u>(64,803,500)</u>
Total Capital Assets Being Depreciated, Net	<u>14,348,583</u>	<u>163,327</u>	<u>(7,747)</u>	<u>14,504,163</u>
Total Capital Assets, Net	<u>18,323,835</u>	<u>2,910,852</u>	<u>(84,163)</u>	<u>21,150,524</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

	<u>Balance</u> <u>Nov. 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2020</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	2,855		12,317,902
Machinery and Equipment	<u>102,306</u>	<u>284,082</u>	<u> </u>	<u>386,388</u>
Total Capital Assets, Being Depreciated	12,417,353	286,937		12,704,290
Less:				
Accumulated Depreciation	<u>(958,155)</u>	<u>(324,607)</u>	<u> </u>	<u>(1,282,762)</u>
Capital Assets Being Depreciated, Net	<u>11,459,198</u>	<u>(37,670)</u>	<u> </u>	<u>11,421,528</u>
Total Capital Assets, Net	<u>11,915,980</u>	<u>(37,670)</u>	<u> </u>	<u>11,878,310</u>

	<u>Balance</u> <u>Nov. 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2020</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>(2,796)</u>	<u>(1,243)</u>	<u> </u>	<u>(4,039)</u>
Capital Assets Being Depreciated, Net	<u>3,418</u>	<u>(1,243)</u>	<u> </u>	<u>2,175</u>
Total Capital Assets, Net	<u>3,418</u>	<u>(1,243)</u>	<u> </u>	<u>2,175</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, 2020
(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/ Other Post-Employment Benefit Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension or OPEB plan investments, changes in the Authority's proportion of expenses and liabilities to the pension or OPEB as a whole, differences between the Authority's pension or OPEB 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, 2020
(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 Walkkill 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, 2020
(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, 2020
(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, 2020
(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 Regnlatons.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2020

(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, 2020
(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, 2020, there is a deficiency of \$1,740,511 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, 2020
(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, 2020
(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:

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 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.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

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

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

In June 2020, the Government Accounting Standards Board issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

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

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, 2020
(Continued)

3. Cash and Cash Equivalents, (continued)

As of November 30, 2020, cash and cash equivalents of the Sussex County Municipal Utilities Authority consisted of the following:

Upper Walkkill 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			1,564,478	1,564,478
Operating Account		232,240		232,240
Vernon Twp. Rate Stabilization Fund		296,427		296,427
Current Debt Service			2,331,063	2,331,063
Phase III Construction		260,521		260,521
General Fund			5,785,130	5,785,130
Renewal and Replacement			1,757,741	1,757,741
Phase II Construction			352,359	352,359
Future Debt Service			1	1
Retainage Account		14,082		14,082
	<u>400</u>	<u>803,270</u>	<u>11,790,772</u>	<u>12,594,442</u>
 <u>Balance Sheet Classification</u>				
Unrestricted Assets				6,721,336
Restricted Assets				<u>5,873,106</u>
				<u>12,594,442</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(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	2,350			2,350
Revenue Account			982,123	982,123
Operating Account		1,407,997		1,407,997
Construction Fund		9,100	94,027	103,127
Renewal and Replacement Fund			2,693,028	2,693,028
Cell Closure Account		2,384,011		2,384,011
Landfill Postclosure Account			45,159	45,159
Retained Percentages Account		7,437		7,437
Planning Account		54,459		54,459
General Fund			9,696,536	9,696,536
	<u>2,350</u>	<u>3,863,004</u>	<u>13,510,873</u>	<u>17,376,227</u>
 Balance Sheet Classification				
Unrestricted Assets				8,812,048
Restricted Assets				<u>8,564,179</u>
				<u>17,376,227</u>

Hampton Commons Facilities Fund

Operating Account		178,630		178,630
Renewal and Replacement Fund		14,601		14,601
		<u>193,231</u>		<u>193,231</u>

Balance Sheet Classification

Unrestricted Assets				178,630
Restricted Assets				<u>14,601</u>
				<u>193,231</u>

Paulins Kill Water Reclamation Project

Operating Account		47,485		47,485
Revenue Fund		5,000	491,269	496,269
Debt Service Fund			159,210	159,210
Renewal and Replacement Fund			20,420	20,420
		<u>52,485</u>	<u>670,899</u>	<u>723,384</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(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				543,756
Restricted Assets				<u>179,628</u>
				<u>723,384</u>
<u>Internal Service Fund</u>				
Revenue Operating Account		120,511		120,511
Payroll Account		224,970		224,970
Unemployment Trust Fund	—	<u>259,551</u>	—	<u>259,551</u>
	=	<u>605,032</u>	=	<u>605,032</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				345,481
Restricted Assets				<u>259,551</u>
				<u>605,032</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>Walkkill Watershed Fund</u>				
Operating Account	=	<u>90,061</u>	=	<u>90,061</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				<u>90,061</u>
<u>Grand Total</u>				
Unrestricted				16,695,958
Restricted				<u>14,891,065</u>
				<u>31,587,023</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(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, 2020, \$-0- of the Authority's bank balance of \$32,769,665 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, 2020
(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:5-1 5.1 (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, 2020
(Continued)

4. Investments, (continued)

At November 30, 2020, 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	AA+	410,000	409,579		409,579	
FHLMC Mtn	AA+	695,000	693,424	189,254	504,170	
FHLMC Multiclass Mtg Part	N/A	262,361	263,653		263,653	
FNMA	AA+	955,000	952,462	64,891	887,571	
FNMA Deb.	AA+	225,000	224,433		224,433	
FNMA Gtd. REMIC	N/A	69,221	71,875			71,875
Fed. Agr. Mtge. Corp.	N/A	60,000	59,925		59,925	
Federal Farm Credit Banks	AA+	220,000	218,987	158,908	60,079	
Federal Home Loan Banks	AA+	1,365,000	1,367,496	353,078	766,822	247,596
US Treasury Bonds	Aaa	225,000	268,158	65,211	202,947	
US Treasury Notes	Aaa	6,570,000	6,577,151	549,817	4,152,067	1,875,267
Fresb. Multifamily Mortgage	N/A	138,468	139,417		96,227	43,190
Private Export Funding	Aaa	50,000	49,933		49,933	
		<u>11,245,050</u>	<u>11,296,493</u>	<u>1381,159</u>	<u>7,677,406</u>	<u>2,237,928</u>

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

Unemployment Trust Fund:

13 Month Certificate of Deposit	\$143,731
13 Month Certificate of Deposit	<u>250,747</u>
	<u>\$394,478</u>

5. Long Term Obligations

Changes in long-term obligations for the fiscal year ended November 30, 2020 are as follows:

	Balance 11/30/19	Issues or Additions	Payments or Expenditures	Balance 11/30/20	Amount Due Within One Year
Compensated Absences	712,369	20,326		732,695	
Planning Loan:					
County of Sussex	324,949			324,949	
Net OPEB Obligation Payable	11,265,048	6,474,999		17,740,047	
Net Pension Liability	8,318,076		766,620	7,551,456	
Bonds and Notes Payable:					
Wastewater Program	45,798,118	1,484,928	2,198,299	45,084,747	2,361,514
Solid Waste Program	6,910,020		866,394	6,043,626	876,393
Accrued Liabilities - Landfill Closure/Postclosure	<u>14,237,753</u>	<u>2,266,449</u>		<u>16,504,202</u>	
	<u>87,566,333</u>	<u>10,246,702</u>	<u>3,831,313</u>	<u>93,981,722</u>	<u>3,237,907</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

6. Bonds Payable

As of November 30, 2020 and 2019, the Authority has the following principal amount of debt outstanding and unamortized losses from refunding transactions.

	<u>Balance</u> <u>11/30/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>11/30/20</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
<u>Upper Walkkill Facilities Fund:</u>					
2008 Series B Wastewater Revenue Bonds	27,370,827	1,300,534	1,845,000	26,826,361	1,995,000
2012 Wastewater Revenue Refunding Bonds	1,955,000		120,000	1,835,000	125,000
2016 Series A Wastewater Refunding Bonds	3,370,000		110,000	3,260,000	115,000
2016 Series B Wastewater Refunding Bonds	<u>5,572,008</u>	<u>184,394</u>		<u>5,756,402</u>	
	<u>38,267,835</u>	<u>1,484,928</u>	<u>2,075,000</u>	<u>37,677,763</u>	<u>2,235,000</u>

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

	<u>2020</u>	<u>2019</u>
Series 2008 B	131,297	151,924
Series 2012	64,606	69,406
Series 2016 A	<u>119,450</u>	<u>122,750</u>
	315,353	344,080
Amortization of Deferred (Gains)/Losses on Refunding: 2012 and 2016 Refundings	<u>80,567</u>	<u>80,567</u>
	<u>395,920</u>	<u>424,647</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, 2020
(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>
12/1/20	\$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>14,628,950</u>		<u>23,576,590</u>	<u>38,205,540</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(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 11/30/20</u>	<u>Carrying Value 11/30/20</u>
12/1/20	\$1,147,604	\$847,396	\$1,995,000
12/1/21	1,138,242	866,607	2,004,849
12/1/22	1,069,141	836,618	1,905,759
12/1/23	1,263,940	1,005,216	2,269,156
12/1/24	1,193,410	964,501	2,157,911
12/1/25	1,125,500	924,231	2,049,731
12/1/26	1,060,209	884,486	1,944,695
12/1/27	997,565	845,317	1,842,882
12/1/28	937,515	806,829	1,744,344
12/1/29	881,866	768,760	1,650,626
12/1/30	826,924	731,950	1,558,874
12/1/31	776,254	695,845	1,472,099
12/1/32	782,176	709,971	1,492,147
12/1/33	735,124	672,292	1,407,416
12/1/34	693,480	637,392	1,330,872
	<u>14,628,950</u>	<u>12,197,411</u>	<u>26,826,361</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(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>
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%			
2026	155,000	3.375%			

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(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>
2020	\$115,000	3.00%	2024	\$125,000	4.00%
2021	120,000	3.00%	2025	130,000	4.00%
2022	120,000	4.00%	2026	140,000	4.00%
2023	125,000	4.00%			

\$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, 2020
(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, 2020
(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, 2020
(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 11/30/20</u>	<u>Carrying Value 11/30/20</u>
12/1/35	\$1,082,319	\$164,891	\$1,247,210
12/1/36	1,036,004	161,001	1,197,005
12/1/37	992,595	156,771	1,149,366
12/1/38	949,520	151,421	1,100,941
12/1/39	<u>914,620</u>	<u>147,260</u>	<u>1,061,880</u>
	<u>\$4,975,058</u>	<u>\$781,344</u>	<u>\$5,756,402</u>

Solid Waste Facilities Fund:

	<u>Balance Nov. 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Nov. 30, 2020</u>	<u>Amount Due Within One year</u>
NJ Environmental Infrastructure Trust:					
Trust Loan Series 2018A-1	\$1,810,000	\$	\$190,000	1,620,000	\$200,000
Fund Loan Series 2018A-1	<u>5,100,020</u>	<u> </u>	<u>676,394</u>	<u>4,423,626</u>	<u>676,393</u>
	<u>\$6,910,020</u>	<u>\$0</u>	<u>\$866,394</u>	<u>\$6,043,626</u>	<u>\$876,393</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, 2020
(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>
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>\$1,620,000</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>
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>\$4,423,626</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

6. Bonds Payable, (continued)

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

	<u>2020</u>	<u>2019</u>
NJFIT Series 2018A-1	<u>\$83,088</u>	<u>\$96,446</u>

Paulinskill Water Reclamation System:

	<u>Balance Nov. 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Nov. 30, 2020</u>	<u>Amount Due Within One year</u>
USDA Rural Development Loans	<u>\$7,530,283</u>	<u>\$ -0-</u>	<u>\$123,299</u>	<u>\$7,406,984</u>	<u>\$126,514</u>

Interest expense on loans is comprised of the following:

	<u>2020</u>	<u>2019</u>
USDA Rural Development Loans	<u>\$193,519</u>	<u>\$196,693</u>

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, 2020
(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>
2021	3.00-4.58%	\$2,235,000	\$179,831	\$2,414,831
2022	3.00-4.69%	2,254,849	266,357	2,521,206
2023	4.00-4.79%	2,160,759	350,948	2,511,707
2024	3.125-4.91%	2,534,156	502,763	3,036,919
2025	3.125-4.91%	2,427,911	604,555	3,032,466
2026-2030	3.125-5.20%	10,752,277	4,422,285	15,174,562
2031-2035	3.625-5.41%	8,501,409	6,685,222	15,186,631
2036-2040	3.00-3.36%	<u>6,811,402</u>	<u>4,335,948</u>	<u>11,147,350</u>
		<u>\$37,677,763</u>	<u>\$17,347,909</u>	<u>\$55,025,672</u>

Solid Waste Facilities Fund

<u>Fiscal</u> <u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	5.00%	916,393	38,000	954,393
2026-2027	5.00%	<u>1,561,659</u>	<u>39,250</u>	<u>1,600,909</u>
		<u>\$6,043,626</u>	<u>\$339,250</u>	<u>\$6,382,876</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(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>
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	2.25-2.75%	140,244	178,173	318,417
2026-2030	2.25-2.75%	758,091	833,986	1,592,077
2031-2035	2.25-2.75%	862,450	729,628	1,592,078
2036-2040	2.25-2.75%	981,302	610,777	1,592,079
2041-2045	2.25-2.75%	1,116,675	475,405	1,592,080
2046-2050	2.25-2.75%	1,270,882	321,197	1,592,079
2051-2055	2.25-2.75%	1,446,570	145,513	1,592,083
2056	2.25-2.75%	304,564	5,922	310,486
		<u>\$7,406,984</u>	<u>\$4,048,060</u>	<u>\$11,455,044</u>

7. Construction Loan Payable-NJ Infrastructure Bank

During fiscal year 2020, the Authority received a construction loan in the amount of \$7,479,947 through the New Jersey Infrastructure Bank. The proceeds of the loan are being used to fund the Authority's "Leachate Pump Station and Force Main Project" consisting of the installation of approximately 29,000 linear feet of 4" and 5" diameter force main, leachate pump station, and rehabilitation of the leachate storage tank and appurtenances. The note is dated August 27, 2020 and has the following maturity provisions:

"Maturity Date" means the Maturity Date as determined pursuant to clause (i), (ii) or (iii) of this definition, subject to being redetermined pursuant to clause (iv) or (v) of this definition, but subject, in all events, to the rights and remedies of the I-Bank pursuant to the provisions of Section 6 hereof and the provisions of Section 7 hereof in furtherance of the enforcement by the I-Bank of all covenants and obligations of the Borrower hereunder, including, without limitation and in particular, the covenants and obligations of the Borrower set forth in Section 3 hereof.

(i) If the construction contract relating to the Project has not been certified for funding pursuant to the Act by the date that is the second anniversary of the Issue Date, then the Maturity Date shall be the second anniversary of the Issue Date. If this clause (i) is applicable, then the Maturity Date shall be August 27, 2022, being the second anniversary of the Issue Date.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 2020

(Continued)

7. Construction Loan Payable-NJ Infrastructure Bank, (continued)

(ii) If the construction contract relating to the Project has been certified for funding pursuant to the Act prior to the Issue Date, then the Maturity Date shall be June 30 of the third State Fiscal Year following the State Fiscal Year in which the Issue Date occurs, which is June 30, 2024. In the event that there is more than one construction contract relating to the Project, the determination under this clause (ii) shall be based on the first construction contract that has been certified for funding pursuant to the Act.

(iii) If the construction contract relating to the Project has been certified for funding pursuant to the Act after the Issue Date and on or before the date that is the second anniversary of the Issue Date, then the Maturity Date shall be June 30 of the third State Fiscal Year following the State Fiscal Year in which the construction contract relating to the Project has been certified for funding pursuant to the Act. In the event that there is more than one construction contract relating to the Project, the determination under this clause (iii) shall be based on the first construction contract that has been certified for funding pursuant to the Act. Thus:

(A) If this clause (iii) is applicable, and if the first construction contract relating to the Project has been certified for funding in the same State Fiscal Year as the State Fiscal Year during which the Issue Date occurs, then the Maturity Date shall be June 30, 2024, being June 30 of the third State Fiscal Year following the State Fiscal Year during which the Issue Date occurs.

(B) If this clause (iii) is applicable, and if the first construction contract relating to the Project has been certified for funding in the first State Fiscal Year following the State Fiscal Year during which the Issue Date occurs, then the Maturity Date shall be June 30, 2025, being June 30 of the third State Fiscal Year following the State Fiscal Year in which the construction contract has been certified for funding.

(C) If this clause (iii) is applicable, and if the first construction contract relating to the Project has been certified for funding in the second State Fiscal Year following the State Fiscal Year during which the Issue Date occurs (but on or before the second anniversary of the Issue Date), then the Maturity Date shall be June 30, 2026, being June 30 of the third State Fiscal Year following the State Fiscal Year in which the construction contract has been certified for funding.

(iv) Notwithstanding any of the forgoing, the Maturity Date shall be such earlier date as shall be determined by an Authorized Officer of the I-Bank in his or her sole discretion, which date shall be determined by such Authorized Officer of the I-Bank to be the date of the closing for the Anticipated Financing Program;

(v) Notwithstanding any of the forgoing, the Maturity Date shall be such later date (subject to the then-applicable limits of the Act) to be determined by an Authorized Officer of the I-Bank in his or her sole discretion, pursuant to a written certification thereof, as acknowledged and agreed by an Authorized Officer of the Borrower.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

8. 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.

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.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

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

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

Public Employees Retirement System (PERS)

At November 30, 2020, the Authority reported a liability of \$7,551,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Authority's proportion was .0463069795 percent, which was an increase of .0001428497 percent from its proportion measured as of June 30, 2019.

For the year ended November 30, 2020, the Authority recognized pension expense of \$397,326. At November 30, 2020, 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	\$137,500	\$26,705
Changes of assumptions	244,978	3,161,867
Net difference between projected and actual earnings on pension plan investments	258,115	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>359,862</u>	<u>68,723</u>
Total	<u>\$1,000,455</u>	<u>\$3,257,295</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) 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:	
2021	\$(947,570)
2022	(863,895)
2023	(493,694)
2024	(199,642)
2025	(43,178)

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

8. **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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 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, 2020 and June 30, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Collective deferred outflows of resources	\$2,347,503,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,967	7,645,087,574
Collective net pension liability	16,307,384,832	18,018,482,972
Authority's Proportion	.0463069795%	.0461641298%

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

8. **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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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, 2019 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-2020.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
 (Continued)

8. **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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

8. **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 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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, 2020 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, 2020		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Authority's proportionate share of the pension liability	\$9,580,775	\$7,551,456	\$5,939,292

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, 2020
(Continued)

9. **Other Post Employment Benefits (OPEB)**

In addition to the pension described in Note 8, 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, 2020
(Continued)

9. **Other Post Employment Benefits (OPEB), (continued)**

Total OPEB Liability

At November 30, 2020, the Authority had a liability of \$17,740,047 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2020 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, 2020, the Authority's proportion was .098849 percent which was an increase of .015688 percent from its proportion measured as of June 30, 2019.

For the year ended November 30, 2020, the Authority recognized OPEB expense of \$549,823. At November 30, 2020, 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	\$467,259	\$3,303,528
Changes of assumptions	2,653,353	3,945,113
Net difference between projected and actual earnings on pension plan investments	11,266	
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>3,550,388</u>	<u>726,873</u>
Total	<u>\$6,682,266</u>	<u>\$7,975,514</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:	
2021	\$(953,616)
2022	(954,481)
2023	(955,878)
2024	(957,155)
2025	(652,659)
Thereafter	357,026

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

9. **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 7.87, 8.05, 8.14 and 8.04 years for 2020, 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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-2020
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

* 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, 2020
(Continued)

9. **Other Post Employment Benefits (OPEB), (continued)**

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, 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, 2020		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Authority's proportionate share of Net OPEB liability	\$20,972,484	\$17,740,047	\$15,181,280

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

9. **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, 2020		
	1% <u>Decrease</u>	Healthcare Cost <u>trend Rate</u>	1% <u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$14,679,908	\$17,740,047	\$21,747,343

10. **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.

11. **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, 2020, the balance which remains to be amortized over the life of the Bonds using the straight-line method is \$557,159. 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, 2020
(Continued)

12. 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, 2020, the Authority reported a deficiency of \$1,740,511 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, 2020, cash and cash equivalents, investments and receivables of \$16,013,897 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.

13. Reserves Required by Bond Resolution

Upper Wallkill Facilities Fund:

The following reserves are required by the bond resolution:

Operating Requirement:	\$1,161,375
Funded by:	
Cash, Cash Equivalents and Investments	1,161,375
Excess/(Deficit)	-0-

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

13. 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><u>-0-</u></u>
Renewal and Replacement Requirement:	1,757,741
Funded by:	
Cash, Cash Equivalents and Investments	<u>1,757,741</u>
Excess/(Deficit)	<u><u>-0-</u></u>
Current Debt Service Requirement:	1,387,604
Funded by:	
Cash, Cash Equivalents and Investments	<u>1,387,604</u>
Excess/(Deficit)	<u><u>-0-</u></u>

Solid Waste Facilities Fund:

The following cash reserves are required by the bond resolution:

Revenue Fund Requirement:	2,227,625
Funded by:	
Cash, Cash Equivalents and Investments	<u>2,227,625</u>
Excess/(Deficit)	<u><u>-0-</u></u>
Renewal and Replacement Requirement:	
Funded by:	2,693,028
Cash, Cash Equivalents and Investments	<u>2,693,028</u>
Excess/(Deficit)	<u><u>-0-</u></u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

14. 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.

The Authority has entered into contracts for various capital improvements. The balances remaining on these contracts at November 30, 2020 are as follows:

Force Main/ Appurtenances	\$5,268,386
Landfill Extension	<u>365,850</u>
	<u>\$5,634,236</u>

15. 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>
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
2020	11,698,008	108,059 tons

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, 2020
(Continued)

16. 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

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:

Fiscal Year	Authority	Employee		Amount	Ending
<u>Ending</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Interest</u>	<u>Reimbursed</u>	<u>Balance</u>
11-30-18	\$-0-	\$6,364	\$4,882	\$7,224	\$640,361
11-30-19	-0-	1,272	1,404	2,150	640,887
11-30-20	-0-	7,411	6,380	649	654,029

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

17. Designation of Unrestricted Net Position

As of November 30, 2020, 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 Walkkill Facilities</u>	<u>Solid Waste Facilities</u>	<u>Hampton Commons Facilities</u>	<u>Paulinskill Water Reclamation System</u>	<u>Walkkill Watershed Project</u>	<u>Total</u>
Workers Compensation	9,439					9,439
Vernon Twp. Rate Stabilization	296,427					296,427
Walkkill Watershed Projects Appropriated in subsequent year's budget	<u>231,000</u>		<u>9,500</u>		105,768	105,768
	<u>536,866</u>	<u>0</u>	<u>9,500</u>	<u>0</u>	<u>105,768</u>	<u>652,134</u>

At November 30, 2020, the Authority reported a total amount of \$652,134 of Unrestricted Net Position - Designated for the purposes described above.

The remaining, undesignated portion of the Authority's net position was comprised of the following at November 30, 2020 and 2019:

<u>2020</u>	<u>Upper Walkkill</u>	<u>Solid Waste</u>	<u>Hampton Commons</u>	<u>Paulinskill</u>	<u>Total</u>
Accrued OPEB Adjustments	(\$5,643,207)	(\$13,390,088)			(\$19,033,295)
Accrued Unfunded Pension Adjustments	(3,374,912)	(6,433,384)			(9,808,296)
Available for Use in Future Budgets	<u>6,260,644</u>	<u>7,829,635</u>	<u>188,437</u>	<u>400,537</u>	<u>14,679,253</u>
Total	<u>(\$2,757,475)</u>	<u>(\$11,993,837)</u>	<u>\$188,437</u>	<u>\$400,537</u>	<u>(\$ 14,162,338)</u>

<u>2019</u>	<u>Upper Walkkill</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>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2020
(Continued)

18. Subsequent Events

The Authority has evaluated subsequent events through February 1, 2022, the date which the financial statements were available to be issued and noted the following item for disclosure:

On June 8, 2021, The Sussex County Municipal Utilities Authority (SCMUA) issued a note in the principal amount of \$27,181,599 under the Water Bank Construction Financing Program of the New Jersey Infrastructure Bank for the construction of Stage 2 infrastructure and cell development design of a proposed six stage major modification of the Landfill. The proposed Stage 2 expansion project entails the design and construction of Landfill Phases 4 and 6B, the associated mechanically stabilized earth (MSE) berm, and Landfill infrastructure relocation. Construction will involve modification to, and expansion of, the Landfill's existing systems required for stormwater, leachate, and Landfill gas management, as well as the relocation of significant infrastructure at their existing Landfill at the SCMUA Solid Waste Facility (SWF) located at 34 South Route 94 in Lafayette Township. Construction of the proposed project will provide continued disposal capacity at the SWF for all 24 municipalities within the County of Sussex, which will lessen possible indirect adverse impacts to groundwater and surface water contamination that can result from illegal dumping of solid waste.

On August 17, 2021, the Authority issued \$5,375,000 County Secured Solid Waste Revenue Bonds (Landfill Expansion Project), Series 2021, as additional funding for the Landfill Expansion Project described above. These bonds bear interest at rates ranging from 3.00% to 4.00% and have final maturity of December 1, 2051.

Required Supplementary Information

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

	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.0463069795%	0.0461641298%	0.0466565560%	0.0458961702%	0.0418126936%	0.0411544622%	0.0444666926%
Authority's proportionate share of the net pension liability (asset)	\$ 7,551,456	\$ 8,318,076	\$ 9,186,443	\$ 10,683,895	\$ 12,383,721	\$ 9,238,352	\$ 8,325,381
Authority's covered payroll - PERS	\$ 3,639,487	\$ 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	207.49%	258.12%	281.52%	336.42%	392.66%	309.14%	294.76%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	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*

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 449,041	\$ 464,082	\$ 425,179	\$ 371,458	\$ 353,818	\$ 366,577	\$ 279,694
Contributions in relation to the contractually required contribution	\$ (449,041)	\$ (464,082)	\$ (425,179)	\$ (371,458)	\$ (353,818)	\$ (366,577)	\$ (279,694)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll - PERS	\$ 3,639,487	\$ 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	12.34%	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, 2020

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 6.28% to 7.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

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

	2020	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	0.098849%	0.083161%	0.085938%	0.087689%
Authority's proportionate share of the net OPEB liability (asset)	\$ 17,740,047	\$ 11,265,048	\$ 13,463,578	\$ 17,902,491
Authority's covered payroll	\$ 3,639,487	\$ 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	487.43%	349.57%	412.60%	563.73%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	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.

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

	2020	2019	2018	2017
Contractually required contribution	404,906	366,578	547,116	531,383
Contributions in relation to the contractually required contribution	(404,906)	(366,578)	(547,116)	(531,383)
Contribution deficiency (excess)	-	-	-	-
Authority's covered payroll	\$ 3,639,487	\$ 3,222,505	\$ 3,263,132	\$ 3,175,742
Contributions as a percentage of covered payroll	11.13%	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*

	2020	2019	2018	2017
Total OPEB Liability:				
Service Cost	\$ 598,975	\$ 554,330	\$ 770,207	\$ 933,472
Interest	491,719	528,973	656,637	568,596
Changes of Benefit Terms and Actuarial Experience	1,022	(1,583)		
Changes in Assumptions	535,274	(1,164,189)	(3,116,442)	(2,269,261)
Benefit Payments	3,039,576	(1,360,315)	(1,988,812)	(366,092)
Contributions - Members	(460,853)	(391,006)	(362,333)	46,989
Change in Allocation	37,114	35,967	46,395	
	<u>2,167,963</u>	<u>(443,795)</u>	<u>(361,215)</u>	
Net Change in Total OPEB Liability	6,410,790	(2,241,618)	(4,355,563)	(1,086,296)
Total OPEB Liability - Beginning	11,492,222	13,733,840	18,089,403	19,175,699
Total OPEB Liability - Ending	<u>\$ 17,903,012</u>	<u>\$ 11,492,222</u>	<u>\$ 13,733,840</u>	<u>\$ 18,089,403</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 289,039	\$ 288,082	\$ 361,966	\$ 334,808
Contributions - Non-Employer	34,609	36,470	46,018	46,532
Contributing Entities	37,114	35,967	46,395	46,989
Net Investment Income	2,825	4,014	1,994	694
Benefit Payments	(460,853)	(391,006)	(362,333)	(366,092)
Administrative Expense	(9,799)	(7,882)	(7,047)	(7,800)
Change in Allocation	42,856	(8,733)	(3,733)	
Net Change in Plan Fiduciary Net Position	(64,209)	(43,088)	83,260	55,131
Plan Fiduciary Net Position - Beginning	227,174	270,262	187,002	131,871
Plan Fiduciary Net Position - Ending	<u>162,965</u>	<u>227,174</u>	<u>270,262</u>	<u>187,002</u>
Authority's Net OPEB Liability	<u>\$ 17,740,047</u>	<u>\$ 11,265,048</u>	<u>\$ 13,463,578</u>	<u>\$ 17,902,401</u>

* 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, 2020

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the OPEB liability are presented in Note 9.

Supplemental Schedules

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2020

	Business-Type Activities							Internal Service Fund
	Enterprise Funds							
	Upper Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Wallkill Watershed Project	Total	
Assets:								
Current Assets:								
Unrestricted:								
Cash and Cash Equivalents	6,721,336	8,812,048	178,630	543,756	4,646	90,061	16,350,477	345,481
Accounts Receivable (Net)	420,786	507,928	15,518				944,232	
Prepaid Expenses	19,618	18,272	247	792		481	39,410	4,722
Due from State of New Jersey		162,000					162,000	
Due from Solid Waste			2,526				2,526	
Due from Central Services	113,343	181,284	5,407	5,407		18,719	324,160	
Total Unrestricted Current Assets:	7,275,083	9,681,552	202,328	549,955	4,646	109,261	17,822,805	350,203
Restricted:								
Phase II Construction Account:								
Cash and Cash Equivalents	352,359	103,127					455,486	
Due from NJ Infrastructure Bank		6,231,070					6,231,070	
Due from Central Services	7,407						7,407	
Phase III Construction Account:								
Cash and Cash Equivalents	260,521						260,521	
Renewal and Replacement Account:								
Cash and Cash Equivalents	1,757,741	2,693,028	14,601	20,420			4,485,790	
Current Debt Service Accounts:								
Cash and Cash Equivalents	2,327,028			159,208			2,486,236	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2020

	Business-Type Activities							Internal Service Fund
	Enterprise Funds							
	Upper Wallkill Wastewater System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Wallkill Watershed Project	Total		
Retained Percentages Account:								
Cash and Cash Equivalents	14,082	7,437				21,519		
Operations:								
Cash and Cash Equivalents	1,161,375	2,227,625				3,389,000		
Cell Closure Account:								
Cash and Cash Equivalents		3,487,803				3,487,803		
Due from NJ Infrastructure Bank		1,174,818				1,174,818		
Due from Central Services		9,624				9,624		
Landfill Postclosure Account:								
Cash and Cash Equivalents		45,159				45,159		
Investments		11,296,493				11,296,493		
Unemployment Trust Account:								
Cash and Cash Equivalents							259,551	
Investments							594,478	
Total Restricted Current Assets:	5,880,513	27,276,184	14,601	179,628	-	33,350,926	654,029	
Total Current Assets	13,155,596	36,957,716	216,929	729,583	109,261	51,173,731	1,004,232	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2020

	Business-Type Activities										Internal Service Fund	
	Enterprise Funds											
	Upper Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total					
Non-Current Assets												
Capital Assets:												
Land	573,834	2,770,568	32,741	456,782							3,833,925	
Improvements	23,065,111	56,646,064									79,711,175	
Buildings	41,010,239	12,902,153	510,231	12,317,902							66,740,525	
Machinery and Equipment	12,683,461	9,759,446	764,817	386,388		6,214					23,600,326	
Accumulated Depreciation	(54,608,928)	(64,803,500)	(1,127,954)	(1,282,762)		(4,039)					(121,227,183)	
Construction in Progress		3,875,793									3,875,793	
Total Non-Current Assets	23,323,717	21,150,524	179,835	11,878,310	-	2,175	-	-	-	56,534,561	-	-
Total Assets	36,479,313	58,108,240	396,764	12,607,893	4,646	111,436	-	-	-	107,708,292	1,004,232	-
Deferred Outflows of Resources:												
Deferred Outflows - PERS	290,132	710,323									1,000,455	
Deferred Outflows - OPFB	1,880,191	4,802,075									6,682,266	
Deferred Losses on Early Retirement of Debt	1,193,994										1,193,994	
Total Deferred Outflows of Resources	3,364,317	5,512,398	-	-	-	-	-	-	-	8,876,715	-	-

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2020

	Business-Type Activities						Internal Service Fund
	Enterprise Funds						
	Upper Waikidil Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Waikidil Watershed Project	Total
Liabilities:							
Current Liabilities:							
Payable from Unrestricted Assets:							
Payroll Taxes Payable	126,218	936,982	4,391	12,338		3,493	1,083,422
Accounts Payable	149,884	356,691					506,575
Accounts Payable - PERS							
Due to Other Funds				137,080	4,646		137,080
Prepaid Sewer Charges							4,646
Escrow Deposits Payable							
Bonds and Loans Payable -							
Current Portion		876,393					876,393
Accrued Interest on Loans		27,000					27,000
Total Current Liabilities Payable from Unrestricted Assets	276,102	2,197,066	4,391	149,418	4,646	3,493	2,635,116
Payable from Restricted Assets:							
Accounts Payable: Cell Closure		1,250,206					1,250,206
Accounts Payable	545,999						545,999
Retainage Payable	14,082	7,437					21,519
Lease Payable		804,604					804,604
Bonds and Loans Payable -							
Current Portion	2,235,000			126,514			2,361,514
Construction Loan Payable -							
NJ Infrastructure Bank	939,424	7,479,947		96,358			7,479,947
Accrued Interest on Bonds							1,035,782
Total Current Liabilities Payable from Restricted Assets	3,734,505	9,542,194		222,872			13,499,571
Total Current Liabilities	4,010,607	11,739,260	4,391	372,290	4,646	3,493	16,134,687
							350,203

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2020

	Business-Type Activities							Internal Service Fund
	Enterprise Funds							
	Upper Wallkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskil Water Reclamation System	Other Sewer Companies	Wallkill Watershed Project	Total	
Non-Current Liabilities:								
Revenue and Revenue Refunding Bonds Payable	35,442,763						35,442,763	
USDA Loans Payable		5,167,233		7,280,470			7,280,470	
NJEIT Loans Payable							5,167,233	
Loans Payable to County of Sussex:								
Planning Loan	324,949						324,949	
Net Pension Liability	2,699,995	4,851,461					7,551,456	
Net OPEB Liability	5,185,106	12,554,941					17,740,047	
Accrued Liabilities - Closure and Postclosure Costs		16,504,202					16,504,202	
Accrued Liabilities - Compensated Absences	201,471	531,224					732,695	
Total Non-Current Liabilities	43,854,284	39,609,061	-	7,280,470	-	-	90,743,815	-
Total Liabilities	47,864,891	51,348,321	4,391	7,652,760	4,646	3,493	106,878,502	350,203
Deferred Inflows of Resources:								
Deferred Inflows - PERS	965,049	2,292,246					3,257,295	
Deferred Inflows - OPEB	2,338,292	5,637,222					7,975,514	
Bond Premium - Net	357,668	199,491					557,159	
Total Deferred Inflows of Resources	3,661,009	8,128,959	-	-	-	-	11,789,968	-
Net Position:								
Invested in Capital Assets, net of related debt	(13,768,381)	12,957,053	179,835	4,471,326	-	2,175	3,842,008	
Restricted:								
Current Debt Service	1,387,604			62,850			1,450,454	
Renewal and Replacement Operations	1,757,741	2,693,028	14,601	20,420			4,485,790	
Landfill Cell Closure/Postclosure Unemployment Insurance	1,161,375	2,227,625		(1,740,511)			3,389,000	
Unrestricted:								654,029
Designated	536,866		9,500			105,768	652,134	
Undesignated	(2,757,475)	(1,993,837)	188,437	400,537			(14,162,338)	
Total Net Position	(11,682,270)	4,143,358	392,373	4,955,133	-	107,943	(2,083,463)	654,029

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2020

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Walkskill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Painiskill Water Reclamation System	Other Sewer Companies	Walkskill Watershed Project	Total	
Operating Revenues								
User Charges	5,331,098		172,912	599,500			6,103,510	1,403,348
Treatment of Sludge, Septage and Leachate	1,260,670						1,260,670	
Operating and Maintenance Charges-Municipal	176,500						176,500	
Tipping Fees		11,699,545					11,699,545	
Recycling Markets		147,325					147,325	
Connection Fees	587,407			854			588,261	
Operating Grants	16,755	162,000			306,639		468,639	
Finance Charges	28,787	3,137					19,892	
Interest	23,452	38,298		2,631			69,716	6,380
Other		278,770					302,222	7,411
	7,424,669	12,329,075	172,912	602,985	-	306,639	20,836,280	1,417,139
Operating Expenses								
Administration, Operating, Maintenance and	3,995,546	7,871,275	164,060	302,962		344,656	12,678,499	1,403,348
Reserves								649
Other	2,576,808	2,101,741	17,470	324,607		1,243	5,021,869	
Depreciation Expense	6,572,354	9,973,016	181,530	627,569	-	345,899	17,700,368	1,403,997
	852,315	2,356,059	(8,618)	(24,584)	-	(39,260)	3,135,912	13,142
Operating Income								

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2020

	Business-Type Activities										Internal Service Fund	
	Enterprise Funds											
	Upper Walkskill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Pautinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total					
Non-Operating Revenues (Expenses)												
Interest on Investments	7,421	226,380									233,801	
Budget Approp. - Renewal and Replacement	175,000	500,000	14,000								689,000	
Budget Approp. - Cell Closure		300,000									300,000	
Budget Approp. - Vernon Rate Stabilization	11,104										11,104	
Interest Expense	(315,353)	(83,088)		(193,519)							(591,960)	
Accreted Interest on Capital Appreciation Bonds	(1,484,928)										(1,484,928)	
Amortization of Bond Discount, Premiums	(58,864)										(58,864)	
Investment Expenses		28,499									(28,499)	
Debt Issuance Costs		(147,530)									(147,530)	
Cell Closure Expenditures (Net)		(74,059)									(74,059)	
Postclosure Expenditures (Net)		(1,016,260)									(1,016,260)	
Gain on Disposal of Capital Assets		(1,137,711)									(1,137,711)	
Vernon Rate Stabilization		185,387	2,526								187,913	
	(40,000)										(40,000)	
Total Non-Operating Revenues (Expenses)	(1,705,620)	(1,218,382)	16,526	(193,519)	-	-	(3,100,995)	-	-	-	(3,100,995)	-
Change in Net Position	(853,305)	1,137,677	7,908	(218,103)	-	(39,260)	34,917	-	-	-	13,142	13,142
Net Position - Beginning	(10,828,965)	3,005,681	384,465	5,173,236	-	147,203	(2,118,380)	-	-	-	640,887	640,887
Net Position - Ending	(11,682,270)	4,143,358	392,373	4,955,133	-	107,943	(2,083,463)	-	-	-	654,029	654,029

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2020

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Walkskill Wastewater System	Hampton Commons Wastewater System	Panlinskill Water Reclamation System	Other Sewer Companies	Walkskill Watershed Project	Total		
	Solid Waste System	165,162	736,580					
Cash Flows from Operating Activities:								
Cash received from users	6,872,077	11,939,145	736,580			19,712,964	1,403,348	
Other operating receipts	627,614	389,262	854			1,017,730	7,411	
Interest Received	36,208	264,678	2,631			303,517	6,380	
Operating grants received	(957,263)	143,320			306,639	449,959	(806,300)	
Cash paid to employees	(486,079)	(2,342,943)			(221,901)	(3,522,107)	(420,937)	
Cash paid for employee benefits		(1,268,543)			(99,084)	(1,853,706)		
Cash paid to suppliers and professional contractors	(2,549,013)	(3,809,927)	(298,330)		(20,742)	(6,843,125)	(72,285)	
Cash paid for other operating expenses	(40,000)					(40,000)		
Interest paid	(188,107)	(86,255)	(195,116)			(469,478)		
Net Cash Provided by (Used in) Operating Activities	3,315,437	5,228,737	69	-	(35,088)	8,755,754	117,617	
Cash Flows from Financing Activities:								
Principal Payments on Debt	(2,075,000)	(762,686)	(123,299)			(2,960,985)		
Net Cash Provided by (Used in) Financing Activities	(2,075,000)	(762,686)	(123,299)	-	-	(2,960,985)	-	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2020

Business-Type Activities
Enterprise Funds

	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total	Internal Service Fund
Cash Flows from Investing Activities:								
Capital Expenditures	(527,091)	(3,029,350)	(45,947)	(286,937)			(3,889,325)	
Vermon Rate Stabilization Approp.	11,104						11,104	
Renewal and Replacement Approp.	175,000	500,000	14,000				689,000	
Well Closure Approp.		300,000					300,000	
Investment Expenses		(147,530)					(147,530)	
Sales (Purchase) of Investments		(378,444)					(378,444)	(6,367)
Net Cash Provided by (Used in) Investing Activities	(340,987)	(2,755,324)	(31,947)	(286,937)	-	-	(3,415,195)	(6,367)
Net Increase (Decrease) in Cash and Cash Equivalents	899,450	1,710,727	(31,878)	(163,637)	-	(35,088)	2,379,574	111,250
Cash and Cash Equivalents-Beginning of Year	11,694,992	15,665,500	225,109	887,021	4,646	125,149	28,602,417	493,782
Cash and Cash Equivalents-End of Year	12,594,442	17,376,227	193,231	723,384	4,646	90,061	30,981,991	605,032
Classified As:								
Current Assets	6,721,336	8,812,048	178,630	543,756	4,646	90,061	16,350,477	345,481
Restricted Assets	5,873,106	8,564,179	14,601	179,628	-	-	14,631,514	259,551
	12,594,442	17,376,227	193,231	723,384	4,646	90,061	30,981,991	605,032

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2020

	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			
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities									
Operating Income	852,315	2,356,059	(8,618)	(24,584)	-	(39,260)	3,135,912	13,142	
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:									
Depreciation and Amortization	2,576,808	2,101,741	17,470	324,607		1,243	5,021,869		
Pension Adjustment - PERS	(20,273)	(31,442)					(51,715)		
OPEB Adjustment	40,577	104,340					144,917		
Interest Received on Non-Operating Investments	7,421	226,380					233,801		
Interest Paid	(188,107)	(86,255)		(195,116)			(469,478)		
Other Non-Operating Expenses	(40,000)	107,355					67,355		
Decrease (Increase) In:									
Accounts and Accrued Interest Receivable	103,809	92,275	(7,750)				188,334		
Due from State of New Jersey	(34,088)	(18,680)					(18,680)		
Due from Central Services	(194)	(50,264)	(2,594)	(2,594)		(271)	(89,811)		
Prepaid Expenses		(181)	(2)	(8)		(293)	(678)		(48)
Increase (Decrease) In:									
Current Liabilities Payable from Unrestricted Assets	25,845	398,407	1,563	144,294		3,493	573,602		104,523
Non-Current Liabilities	(8,676)	29,002					20,326		
Net Cash Provided by (Used in) Operating Activities	3,315,437	5,228,737	69	246,599	-	(35,088)	8,755,754	117,617	

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, 2020

	Invested in			Restricted		Total
	Unrestricted	Capital Assets	Current Debt Service	Renewal and Replacement	Operations	
Operating Revenue:						
User Charges - Sewer	5,331,098					5,331,098
Treatment of Sludge	103,307					103,307
Treatment of Septage	910,642					910,642
Treatment of Leachate	246,721					246,721
Operating and Maintenance Charges	176,500					176,500
Connection Fees	587,407					587,407
Other	23,452					23,452
Interest	28,787					28,787
Finance Charges	16,755					16,755
	<u>7,424,669</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,424,669</u>
Operating Expenses:						
Cost of Providing Services	3,145,054					3,145,054
Administrative and General Expense	664,388					664,388
Reserves	186,104					186,104
Depreciation		2,576,808				2,576,808
	<u>3,995,546</u>	<u>2,576,808</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,572,354</u>
Operating Income	<u>3,429,123</u>	<u>(2,576,808)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>852,315</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, 2020

	Restricted				Total
	Unrestricted	Invested in Capital Assets	Current Debt Service	Renewal and Replacement	
Non-Operating Revenue:					
Interest				7,421	7,421
- Budget Appropriation - Reserve for Vernon Rate Stabilization	11,104				11,104
Budget Appropriation - R&R				175,000	175,000
Non-Operating Expenses:					
Interest Expense	(315,353)				(315,353)
Accretion		(1,484,928)			(1,484,928)
Renewal and Replacement Expenses	(40,000)	329,750		(329,750)	0
Vernon Rate Stabilization					(40,000)
Amortization	(58,864)				(58,864)
Net Income/(Loss) Before Contributions and Transfers	3,026,010	(3,731,986)	0	(147,329)	0
Contributions					0
Transfers:					
Bond Principal Payments	(2,075,000)	2,075,000			0
Other	(226,370)	74,941	28,704		0
Increase (Decrease) in Net Position	724,640	(1,582,045)	28,704	(147,329)	122,725
Net Position - December 1,	(2,945,249)	(12,186,336)	1,358,900	1,905,070	1,038,650
Net Position - November 30,	(2,220,609)	(13,768,381)	1,387,604	1,757,741	1,161,375
Designated	536,866				
Undesignated	(2,757,475)				
	(2,220,609)				

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

UPPER WALKILL FACILITIES FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED AND RESTRICTED ACCOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2020

	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, 2019	1,837,706	123,761	400	1,905,070	325,323	415,895
Cash Receipts:						
User and Other Charges	4,344	7,459,691		7,421		1,589
Interest		142,286		175,000	11,104	3,375
Other	7,491,175	4,622,785				329,750
Transfers						
Total Cash Receipts	7,495,519	12,224,762	-	182,421	11,104	334,714
Cash and Investments Available	9,333,225	12,348,523	400	2,087,491	336,427	750,609
Cash Disbursements:						
Operations		4,625,108			40,000	
Bond Interest Payments						
Bond Principal Payments						
Transfers	7,768,747	7,491,175		329,750		398,250
Total Cash Disbursements	7,768,747	12,116,283	-	329,750	40,000	398,250
Cash, Cash Equivalents and Investments - November 30, 2020	1,564,478	232,240	400	1,757,741	296,427	352,359
Analysis of Balance:						
Unrestricted	403,103	232,240	400	-	296,427	-
Restricted	1,161,375	-	-	1,757,741	-	352,359
Cash and Cash Equivalents Investments	1,564,478	232,240	400	1,757,741	296,427	352,359
Analysis of Restricted Accounts:						
Operations	1,161,375		400	1,757,741	296,427	352,359

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, 2020

	Debt Service	Future Debt Service	Phase III Construction	General	Retainage	Total
Cash, Cash Equivalents and Investments - December 1, 2019	2,587,947	1	260,521	4,224,286	14,082	11,694,992
Cash Receipts:						
User and Other Charges	4,605			18,249		7,459,691
Interest						36,208
Other						331,765
Transfers	2,001,617			1,542,595		15,987,922
Total Cash Receipts	2,006,222			1,560,844		23,815,586
Cash and Investments Available	4,594,169	1	260,521	5,785,130	14,082	35,510,578
Cash Disbursements:						
Operations						4,665,108
Bond Interest Payments	188,106					188,106
Bond Principal Payments	2,075,000					2,075,000
Transfers						15,987,922
Total Cash Disbursements	2,263,106					22,916,136
Cash, Cash Equivalents and Investments - November 30, 2020	2,331,063	1	260,521	5,785,130	14,082	12,594,442
Analysis of Balance:						
Unrestricted	4,035	1		5,785,130		6,721,336
Restricted	2,327,028		260,521		14,082	5,873,106
	2,331,063	1	260,521	5,785,130	14,082	12,594,442
Cash and Cash Equivalents Investments	2,331,063	1	260,521	5,785,130	14,082	12,594,442
	2,331,063	1	260,521	5,785,130	14,082	12,594,442

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2019**

	<u>FY 2020 Budget</u>	<u>FY2020 Budget After Modifications</u>	<u>FY2020 Actual</u>	<u>FY 2019 Actual</u>
Revenues:				
User Charges - Sewer	5,331,100	5,331,100	5,331,098	5,267,001
Treatment of Sludge	83,000	83,000	103,307	111,745
Treatment of Septage	740,000	740,000	910,642	887,918
Treatment of Leachate	250,000	250,000	246,721	246,046
Connection Fees	64,000	64,000	587,407	362,445
Operating and Maintenance Charges to Municipalities	190,000	190,000	176,500	176,500
Other	30,000	30,000	23,452	142,706
Interest Income from Operating Investments	96,000	96,000	28,787	119,095
Finance Charges			16,755	12,152
Total Operating Revenue	<u>6,784,100</u>	<u>6,784,100</u>	<u>7,424,669</u>	<u>7,325,608</u>
Expenses:				
Cost of Providing Services:				
(1) Salaries, Operating Staff	973,000	973,000	957,263	824,959
(2) Fringe Benefits, Operating Staff	467,900	467,900	388,197	386,412
(2) PERS	122,000	122,000	97,882	106,276
(3) Utilities	431,000	431,000	382,613	413,558
(4) Motor Vehicles & Equipment	16,000	16,000	7,456	8,292
(5) Stationary Equipment	51,000	51,000	34,578	38,440
(6) Electrical Equipment/Repair	19,000	19,000	18,020	11,291
(7) Insurance, Plant Operations	240,000	240,000	235,221	233,085
(8) Testing Services	14,500	14,500	7,783	9,134
(10) Outside Services	579,000	579,000	808,074	601,140
(11) Safety Equipment	6,000	6,000	3,176	1,971
(12) Chemicals & Wood Chips	118,000	118,000	93,777	103,426
(13) Miscellaneous Plant Supplies	15,000	15,000	10,846	4,645
(14) Taxes and Fees	59,000	59,000	54,736	54,299
(15) Laboratory Supplies	11,400	11,400	13,082	7,742
(16) Custodial Supplies	4,000	4,000	2,165	1,656
(17) Purchases Related to Operating and Maintenance Services	12,000	12,000	9,881	78,289
Subtotal Cost of Providing Services	<u>3,138,800</u>	<u>3,138,800</u>	<u>3,124,750</u>	<u>2,884,615</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2019

	<u>FY 2020 Budget</u>	<u>FY2020 Budget After Modifications</u>	<u>FY2020 Actual</u>	<u>FY2019 Actual</u>
Administrative Expenses:				
Seminars and Dues	10,000	10,000	10,049	5,342
Indirect Administrative Expenses	658,000	658,000	586,846	620,979
Engineering Consulting Fees	31,000	31,000	24,322	9,968
Trustee Fees	15,000	15,000	5,000	5,000
General Legal Fees	15,000	15,000	28,019	26,530
Office Supplies	2,000	2,000	2,420	1,850
Printing	300	300		195
Travel & Expenses, Administrative Staff	500	500	179	169
General Advertising	1,000	1,000	988	702
Personal Services	5,000	5,000	5,754	5,142
COVID-19 Expenses			811	
Subtotal Administrative Expenses	<u>737,800</u>	<u>737,800</u>	<u>664,388</u>	<u>675,877</u>
Capital Outlay	<u>278,000</u>	<u>278,000</u>	-	-
Reserves:				
Renewal and Replacement	175,000	175,000	175,000	175,000
Vernon Rate Stabilization	35,000	35,000	11,104	24,274
Subtotal Reserves	<u>210,000</u>	<u>210,000</u>	<u>186,104</u>	<u>199,274</u>
Debt Service:				
Interest Expense	1,031,800	1,031,800	315,353 ⁽¹⁾	344,080
Bond Principal	1,387,700	1,387,700	1,387,700	1,360,000
Subtotal Debt Service	<u>2,419,500</u>	<u>2,419,500</u>	<u>1,703,053</u>	<u>1,704,080</u>
Total Costs Funded by Operating Revenues	<u>6,784,100</u>	<u>6,784,100</u>	<u>5,678,295</u>	<u>5,463,846</u>

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITYUPPER WALLKILL FACILITIES FUNDSCHEDULE OF OPERATING REVENUES AND COST
FUNDED BY OPERATING REVENUES COMPARED TO
BUDGET YEAR ENDED NOVEMBER 30, 2020WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2019

	<u>FY2020</u> <u>Budget</u>	<u>FY 2020</u> <u>Budget After</u> <u>Modifications</u>	<u>FY 2020</u> <u>Actual</u>	<u>FY2019</u> <u>Actual</u>
Excess or (Deficit) in Actual Revenues and Expenses			1,746,374	1,861,762
Reconciliation of Budgetary Basis To Change in Net Position:				
Depreciation			(2,576,808)	(2,538,348)
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			(1,484,928)	(1,494,868)
Adjustment for Pension Expense			20,273	(57,877)
Adjustment for OPEB Expense			(40,577)	141,839
Contributions				18,650
Interest on Non-Operating Investments			7,421	29,638
Other Non-Operating Revenues			175,000	175,000
Other Non-Operating Expenses			(40,000)	(100,000)
Vernon Rate Stabilization			11,104	24,274
Bond Principal Payments			1,387,700	1,360,000
			<u>(2,599,679)</u>	<u>(2,500,556)</u>
Change in Net Position			<u>(853,305)</u>	<u>(638,794)</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALL KILL FACILITIES FUND
SCHEDULE OF REVENUE BONDS PAYABLE
NOVEMBER 30, 2020

Description	Original Issue		Maturities			Balance Dec. 1, 2019	Issued 2019-2020	Accreted Principal	Paid or Refunded 2019-2020	Balance Nov. 30, 2020
	Date	Amount	Date	Rate	Amount					
2008 Wastewater Revenue Bonds (Series B)	09/15/08	23,403,738	12/01/20	4.580%	1,995,000					
			12/01/21	4.690%	2,004,849					
			12/01/22	4.790%	1,905,759					
			12/01/23	4.850%	2,269,156					
			12/01/24	4.910%	2,157,911					
			12/01/25	4.970%	2,049,731					
			12/01/26	5.030%	1,944,695					
			12/01/27	5.090%	1,842,882					
			12/01/28	5.150%	1,744,344					
			12/01/29	5.200%	1,650,626					
			12/01/30	5.260%	1,558,874					
			12/01/31	5.310%	1,472,099					
			12/01/32	5.360%	1,492,147					
			12/01/33	5.390%	1,407,416					
		12/01/34	5.410%	1,330,872						
					27,370,827			1,300,534	1,845,000	26,826,361

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALL KILL FACILITIES FUND
SCHEDULE OF REVENUE BONDS PAYABLE
NOVEMBER 30, 2020

Description	Original Issue		Maturities		Balance Dec. 1, 2019	Issued 2019-2020	Accreted Principal	Paid or Refunded 2019-2020	Balance Nov. 30, 2020
	Date	Amount	Date	Rate					
2012 Wastewater Revenue Refunding Bonds	07/11/12	3,165,000	12/01/20	4.000%	125,000				
			12/01/21	4.000%	130,000				
			12/01/22	4.001%	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				
					1,955,000			120,000	1,835,000

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

HAMPTON COMMONS FACILITIES FUND
SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
RESTRICTED AND UNRESTRICTED
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Restricted Renewal and Replacement</u>	<u>Total</u>
Operating Revenue:				
Sewer Charges	172,912			172,912
	<u>172,912</u>	-	-	<u>172,912</u>
Operating Expenses:				
Operating, Maintenance and Reserves	164,060			164,060
Depreciation		17,470		17,470
	<u>164,060</u>	<u>17,470</u>	-	<u>181,530</u>
Operating Income	8,852	(17,470)	-	(8,618)
Non-Operating Revenue/(Expenses):				
Budget Appropriation			14,000	14,000
Gain on Disposal of Capital Assets	2,526			2,526
Renewal & Replacement Expenses		45,947	(45,947)	-
Increase (Decrease) in Net Position	11,378	28,477	(31,947)	7,908
Net Position - December 1,	<u>186,559</u>	<u>151,358</u>	<u>46,548</u>	<u>384,465</u>
Net Position - November 30,	<u>197,937</u>	<u>179,835</u>	<u>14,601</u>	<u>392,373</u>
Designated	9,500			
Undesignated	<u>188,437</u>			
	<u>197,937</u>			

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, 2020

	Revenue Operating Account	Renewal and Replacement Account	Total
Cash, Cash Equivalents and Investments- December 1, 2019	178,561	46,548	225,109
Cash Receipts:			
Sewer Charges	165,162		165,162
Other	2,813		2,813
Transfers		14,000	14,000
Total Cash Receipts	<u>167,975</u>	<u>14,000</u>	<u>181,975</u>
Total Cash And Investments Available	<u>346,536</u>	<u>60,548</u>	<u>407,084</u>
Cash Disbursements:			
Operating and Maintenance Costs	153,906	45,947	199,853
Transfers	14,000		14,000
Total Cash Disbursements	<u>167,906</u>	<u>45,947</u>	<u>213,853</u>
Cash, Cash Equivalents and Investments- November 30, 2020	<u>178,630</u>	<u>14,601</u>	<u>193,231</u>
Analysis of Balance:			
Unrestricted	178,630	-	178,630
Restricted	-	14,601	14,601
	<u>178,630</u>	<u>14,601</u>	<u>193,231</u>
Cash and Cash Equivalents	178,630	14,601	193,231
Investments	-	-	-
	<u>178,630</u>	<u>14,601</u>	<u>193,231</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2019

	<u>FY2020</u>	<u>FY2020</u>	<u>FY2020</u>	<u>FY 2019</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Actual</u>	<u>Actual</u>
Revenue:				
Retained Earnings Appropriated	7,500	7,500	7,500	6,000
Service Agreements (Hampton Commons Homeowners Association)	141,877	141,877	141,877	142,041
(Lowe's)	31,035	31,035	31,035	31,071
Interest on Investments and Deposits	3,088	3,088		
Total Operating Revenue	<u>183,500</u>	<u>183,500</u>	<u>180,412</u>	<u>179,112</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	18,200	18,200	13,979	15,812
(3) Outside Services	17,000	17,000	9,915	8,459
(4) Testing Services	5,500	5,500	7,278	4,135
(5) Engineering Fees	3,000	3,000	2,508	19,171
(6) Legal Fees	2,000	2,000		
(7) Plant Supplies	900	900		190
(8) Chemicals	3,000	3,000	2,250	2,069
(9) Electrical and Mechanical Equipment Repair	500	500		138
(10) Equipment/Stationary	6,000	6,000	6,720	4,281
(11) Laboratory Supplies	1,300	1,300	1,167	421
(12) Insurance	2,500	2,500	2,963	2,936
(13) Safety Equipment	900	900	349	
(14) Taxes and Fees	6,000	6,000	5,715	5,792
(15) Printing Expenses	200	200	123	
(16) Indirect Administration, Legal and Fiscal Expenses	50,000	50,000	44,593	47,187
Total Operating and Maintenance Expenses	<u>169,500</u>	<u>169,500</u>	<u>150,060</u>	<u>163,091</u>
Renewal and Replacement	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>6,000</u>
	<u>183,500</u>	<u>183,500</u>	<u>164,060</u>	<u>169,091</u>
Excess or (Deficit) in Actual Revenues and Expenses			16,352	10,021
Reconciliation of Budgetary Basis To Change in Net Position:				
Retained Earnings Appropriated			(7,500)	(6,000)
Depreciation			(17,470)	(17,284)
Gain on Disposal of Capital Assets			2,526	
Renewal and Replacement (Net)			14,000	6,000
			<u>(8,444)</u>	<u>(17,284)</u>
Change in Net Position			<u>7,908</u>	<u>(7,263)</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, 2020

	Unrestricted		Restricted			Total
	Invested in Capital Assets	Renewal and Replacement	Operations	Landfill Cell Closure/ Postclosure		
Operating Revenue:						
Typing Fees	11,699,545					11,699,545
Recycle Markets	147,325					147,325
Operating Grant	162,000					162,000
Interest from Users	3,137					3,137
Landfill Gas Sales	255,438					255,438
Interest on Operating Investments	38,298					38,298
Miscellaneous	23,332					23,332
	<u>12,329,075</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,329,075</u>
Operating Expenses:						
Administration, Operations, Maintenance and Reserves	7,871,275					7,871,275
Depreciation	2,101,741					2,101,741
	<u>9,973,016</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,973,016</u>
Operating Income	2,356,059	0	0	0	0	2,356,059
Non-Operating Revenues / (Expenses):						
Interest Income		9,788		216,592		226,380
Budget Appropriation		500,000		300,000		800,000
Investment Expenses	(113,194)			(54,336)		(147,530)
Gain on Disposal of Equipment	185,387					185,387
Interest Expense	(83,083)					(83,083)
Cell Closure Expenditures (Net)	(1,509,174)	1,572,707		(1,079,793)		(1,016,260)
Postclosure Expenditures (Net)				(1,137,711)		(1,137,711)
Debt Issuance Costs	(74,059)					(74,059)
Amortization	28,499					28,499
	<u>790,430</u>	<u>1,572,707</u>	<u>0</u>	<u>(1,735,248)</u>	<u>0</u>	<u>1,137,677</u>
Income or (Loss) Before Transfers		509,788				509,788
Transfers:						
Capital Outlay	(589,805)	589,805				0
Other	369,622	(300,247)			(69,375)	0
	<u>570,247</u>	<u>1,862,265</u>	<u>0</u>	<u>(69,375)</u>	<u>(69,375)</u>	<u>1,137,677</u>
Increase/(Decrease) in Net Position						
Net Position - December 1,	(12,564,084)	11,094,788	2,297,000	(5,263)		3,605,681
Net Position - November 30,	<u>(11,993,837)</u>	<u>12,957,053</u>	<u>2,227,625</u>	<u>(1,740,511)</u>	<u>0</u>	<u>4,143,358</u>
Designated	0					0
Undesignated	(11,993,837)					(11,993,837)

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, 2020

	Trustee Revenue Account	Revenue Operating Account	Petty Cash	General Fund
Cash, Cash Equivalents and Investments - December 1, 2019	1,170,961	1,040,704	2,100	7,838,651
Cash Receipts:				
Solid Waste Revenues		11,947,902		
Interest on Investments	2,334			35,540
Budget Appropriation				
Landfill Gas Purchase		255,438		
Operating Grant		143,320		
Other		194,561	250	
Transfers	12,288,168	9,204,631		2,419,799
Total Cash Receipts	<u>12,290,502</u>	<u>21,745,852</u>	<u>250</u>	<u>2,455,339</u>
Cash and Investments Available	<u>13,461,463</u>	<u>22,786,556</u>	<u>2,350</u>	<u>10,293,990</u>
Cash Disbursements:				
Operations		8,977,197		
Loan Principal Payments				
Loan Interest Payments				
Other		113,194		
Transfers	12,479,340	12,288,168		597,454
Total Cash Disbursements	<u>12,479,340</u>	<u>21,378,559</u>	<u>-</u>	<u>597,454</u>
Cash, Cash Equivalents and Investments- November 30, 2020	<u>982,123</u>	<u>1,407,997</u>	<u>2,350</u>	<u>9,696,536</u>
Analysis of Balance:				
Unrestricted	893,759	1,407,997	2,350	6,453,483
Restricted	88,364	-	-	3,243,053
	<u>982,123</u>	<u>1,407,997</u>	<u>2,350</u>	<u>9,696,536</u>
Cash and Cash Equivalents Investments	<u>982,123</u>	<u>1,407,997</u>	<u>2,350</u>	<u>9,696,536</u>
	<u>982,123</u>	<u>1,407,997</u>	<u>2,350</u>	<u>9,696,536</u>
Analysis of Restricted Accounts:				
Operations	-			2,227,625
Cell Closure	88,364			1,015,428
	<u>88,364</u>			<u>3,243,053</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, 2020

	<u>Construction</u>	<u>Renewal and Replacement</u>	<u>Planning Fund</u>	<u>Retained Percentages</u>
Cash, Cash Equivalents and Investments- December 1, 2019	102,703	2,183,240	54,459	7,437
Cash Receipts:				
Solid Waste Revenues				
Interest on Investments	424	9,788		
Budget Appropriation		500,000		
Landfill Gas Purchase				
Operating Grant				
Other				
Transfers				
Total Cash Receipts	<u>424</u>	<u>509,788</u>	<u>-</u>	<u>-</u>
Cash and Investments Available	<u>103,127</u>	<u>2,693,028</u>	<u>54,459</u>	<u>7,437</u>
Cash Disbursements:				
Operations				
Loan Principal Payments				
Loan Interest Payments				
Other				
Transfers				
Total Cash Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, Cash Equivalents and Investments- November 30, 2020	<u>103,127</u>	<u>2,693,028</u>	<u>54,459</u>	<u>7,437</u>
Analysis of Balance:				
Unrestricted	-	-	54,459	-
Restricted	<u>103,127</u>	<u>2,693,028</u>	<u>-</u>	<u>7,437</u>
	<u>103,127</u>	<u>2,693,028</u>	<u>54,459</u>	<u>7,437</u>
Cash and Cash Equivalents Investments	<u>103,127</u>	<u>2,693,028</u>	<u>54,459</u>	<u>7,437</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>103,127</u>	<u>2,693,028</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, 2020

	Debt Service Fund	Cell Closure Account	Landfill Postclosure Account	Total
Cash, Cash Equivalents and Investments - December 1, 2019	-	3,136,376	11,046,918	26,583,549
Cash Receipts:				
Solid Waste Revenues				11,947,902
Interest on Investments			216,592	264,678
Budget Appropriation		300,000		800,000
Landfill Gas Purchase				255,438
Operating Grant				143,320
Other		4,501	112,478	311,790
Transfers	854,910	597,454		25,364,962
Total Cash Receipts	854,910	901,955	329,070	39,088,090
Cash and Investments Available	854,910	4,038,331	11,375,988	65,671,639
Cash Disbursements:				
Operations				8,977,197
Debt Service Payments	854,910			854,910
Other		1,654,320	34,336	1,801,850
Transfers				25,364,962
Total Cash Disbursements	854,910	1,654,320	34,336	36,998,919
Cash, Cash Equivalents and Investments - November 30, 2020	-	2,384,011	11,341,652	28,672,720
Analysis of Balance:				
Unrestricted	-	-	-	8,812,048
Restricted	-	2,384,011	11,341,652	19,860,672
	-	2,384,011	11,341,652	28,672,720
Cash and Cash Equivalents	-	2,384,011	45,159	17,376,227
Investments	-	-	11,296,493	11,296,493
	-	2,384,011	11,341,652	28,672,720

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITYSOLID WASTE FACILITIES FUNDSCHEDULE OF OPERATING REVENUESCOMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2020WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2019

	FY2020 Budget	FY2020 Budget after Modifications	FY2020 Actual	FY2019 Actual
Revenue:				
Tipping Fees	10,557,000	10,557,000	11,699,545	11,860,873
Gross Sales on Recycle Markets			147,325	165,570
Interest on Investment and Deposits	120,000	120,000	38,298	130,564
Interest from Users			3,137	1,344
Operating Grant	120,000	120,000	162,000	143,320
Landfill Gas Sales	154,000	154,000	255,438	185,164
Miscellaneous			23,332	37,324
Total Revenue	10,951,000	10,951,000	12,329,075	12,524,159
Expenses:				
Operating and Maintenance (LF)				
(1) Salaries	2,400,000	2,400,000	2,342,943	2,089,441
(2) Benefits	1,117,500	1,117,500	1,018,633	982,585
(2) PERS	292,000	292,000	249,910	254,003
(3) Personnel Services	23,500	23,500	27,957	30,666
(4) Engineering and Consulting	161,000	161,000	150,792	143,895
(5) Legal Fees	25,000	25,000	9,966	3,345
(6) Indirect Administrative	658,000	658,000	586,846	620,979
(7) Trustee and Banking Fees	8,000	8,000	7,053	6,970
(8) Insurance	225,000	225,000	219,084	217,094
(9) Auditing/Accounting Fees	3,000	3,000	3,500	
(10) Seminars and Dues	8,500	8,500	9,909	9,306
(11) Travel and Expenses	2,600	2,600		1,665
(12) Office Supplies	9,000	9,000	7,756	24,030
(14) Advertising	4,000	4,000	3,618	6,239
(15) Printing	6,000	6,000	6,827	5,146
(17) Publications and Subscriptions	500	500	849	668
(18) Custodial Supplies	9,000	9,000	8,014	9,282
(19) Safety Equipment	15,000	15,000	14,815	14,466
(20) Chemicals/Supplies	274,500	274,500	68,893	180,438
(21) Plant Supplies	30,000	30,000	14,504	22,275
(22) Testing Services	49,500	49,500	39,304	43,374
(23) Outside Services	172,000	172,000	141,887	129,737
(24) Utilities	425,000	425,000	252,248	355,459
(25) Motor Vehicles and Equipment	548,000	548,000	198,958	181,112
(26) Equipment/Stationary	33,000	33,000	27,061	16,403
(27) Electrical Equipment/Repairs	46,000	46,000	35,927	23,840
(28) Leachate Disposal	250,000	250,000	246,721	246,046
(29) Recycling Services	57,000	57,000	78,335	56,377
(30) Landfill Gas System	73,600	73,600	55,280	60,056
(31) Host Community Benefit Payments	525,000	525,000	533,117	551,705
(32) Special Accounts	105,000	105,000	109,502	112,666
(33) Taxes and Fees	566,800	566,800	516,522	544,151
COVID-19 Expenses			11,646	
	8,123,000	8,123,000	6,998,377	6,943,419

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITYSOLID WASTE FACILITIES FUND
SCHEDULE OF OPERATING REVENUESCOMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2019

	FY 2020 Budget	FY 2020 Budget after Modifications	FY 2020 Actual	FY 2019 Actual
Capital Outlay	<u>1,065,000</u>	<u>1,065,000</u>	<u>589,805</u>	<u>484,988</u>
Debt Service:				
Bond Principal	866,400	866,400	866,400	856,000
Interest on Bonds	<u>96,600</u>	<u>96,600</u>	<u>83,088</u>	<u>96,446</u>
	<u>963,000</u>	<u>963,000</u>	<u>949,488</u>	<u>952,446</u>
Reserves:				
Renewal and Replacement	500,000	500,000	500,000	500,000
Post Closure Care Fund	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Total Solid Waste Appropriations	<u>10,951,000</u>	<u>10,951,000</u>	<u>9,337,670</u>	<u>9,180,853</u>
Excess or Deficit in Actual Revenues and Expenses			2,991,405	3,343,306
Reconciliation of Budgetary Basis To Change in Net Position:				
Depreciation Expense			(2,101,741)	(1,982,780)
Amortization			28,499	28,499
Debt Issuance Costs			(74,059)	
Gain on Disposal of Equipment			185,387	99,289
Adjustment to Pension Expense			31,442	(165,217)
Adjustment for OPEB Expense			(104,340)	364,729
Interest on Non-Operating Investments			192,044	272,992
Investment Expenses			(113,194)	(143,154)
Net Closure/Postclosure Care Expenses			(2,153,971)	474,362
Capital Outlay			589,805	484,988
Budget Appropriation - Renewal & Replacement			500,000	500,000
Budget Appropriation - Cell Closure			300,000	300,000
Bond Principal Payments			<u>866,400</u>	<u>856,000</u>
Change in Net Position			<u>1,137,677</u>	<u>4,433,014</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SOLID WASTE FACILITIES FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
NOVEMBER 30, 2020

Description	Original Issue		Date	Interest Rate	Amount	Balance Dec. 1, 2019	Issued	Refunded or Paid	Balance Nov. 30, 2020	
	Date	Amount								
New Jersey Environmental Infrastructure Trust - Trust Loan Series 2018A-1	05/22/18	1,990,000	08/01/21	5.000%	200,000					
			08/01/22	5.000%	210,000					
			08/01/23	5.000%	220,000					
			08/01/24	5.000%	230,000					
			08/01/25	5.000%	240,000					
			08/01/26	5.000%	255,000					
			08/01/27	5.000%	265,000			190,000	1,620,000	
						1,810,000				
	New Jersey Environmental Infrastructure Trust - Fund Loan Series 2018A-1	05/22/18	6,538,469	02/01/21	0.000%	225,464				
				08/01/21	0.000%	450,929				
			02/01/22	0.000%	225,465					
			08/01/22	0.000%	450,929					
			02/01/23	0.000%	225,464					
			08/01/23	0.000%	450,929					
			02/01/24	0.000%	225,465					
			08/01/24	0.000%	450,929					
			02/01/25	0.000%	225,464					
			08/01/25	0.000%	450,929					
		02/01/26	0.000%	225,464						
		08/01/26	0.000%	450,929						
		02/01/27	0.000%	225,464						
		08/01/27	0.000%	139,802			676,394	4,423,626		
					5,100,020					
					6,910,020	0	866,394	6,043,626		
GRAND TOTAL										
				Current Portion	866,394			876,393		
				Long-Term Portion	6,043,626			5,167,233		
					6,910,020			6,043,626		

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

OTHER SEWER COMPANIES
STATEMENT OF NET POSITION
FOR THE YEAR ENDED NOVEMBER 30, 2020

	<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	4,123	2	461	60	4,646
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	4,123	2	461	60	4,646
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, 2020

	Unrestricted	Invested in Capital Assets	Restricted		Total
			Renewal and Replacement	Debt Service	
Operating Revenue:					
User Charges	599,500				599,500
Interest on Investments	2,219		81	331	2,631
Connection Fees	854				854
	<u>602,573</u>	<u>-</u>	<u>81</u>	<u>331</u>	<u>602,985</u>
Operating Expenses:					
Operating, Maintenance and Reserves	302,962				302,962
Depreciation		324,607			324,607
	<u>302,962</u>	<u>324,607</u>	<u>-</u>	<u>-</u>	<u>627,569</u>
Operating Income	299,611	(324,607)	81	331	(24,584)
Non-Operating Revenue/(Expenses):					
Interest Expense	(193,519)				(193,519)
Income/(Loss) Before Contributions and Transfers	106,092	(324,607)	81	331	(218,103)
Transfers:					
Interest	(1,266)			1,266	-
Capital Outlay	(286,937)	286,937			-
Bond Principal Payment	(123,299)	123,299			-
Increase (Decrease) in Net Position	(305,410)	85,629	81	1,597	(218,103)
Net Position - December 1,	<u>705,947</u>	<u>4,385,697</u>	<u>20,339</u>	<u>61,253</u>	<u>5,173,236</u>
Net Position - November 30,	<u>400,537</u>	<u>4,471,326</u>	<u>20,420</u>	<u>62,850</u>	<u>4,955,133</u>
Designated	-				
Undesignated	<u>400,537</u>				
	<u>400,537</u>				

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, 2020

	Depository Account	Revenue Fund	Operating Fund	Bond Service Fund	Renewal & Replacement Fund	Total
Cash, Cash Equivalents and Investments- December 1, 2019	5,000	653,172	47,485	161,025	20,339	887,021
Cash Receipts:						
Interest on Investments		2,219		331	81	2,631
User Charges	736,581					736,581
Connection Fees	854					854
Other	2,813					2,813
Transfers		740,248	906,516	316,270		1,963,034
Total Cash Receipts	740,248	742,467	906,516	316,601	81	2,705,913
Total Cash And Investments Available	745,248	1,395,639	954,001	477,626	20,420	3,592,934
Cash Disbursements:						
Expenses			588,100			588,100
Principal Payments			123,299			123,299
Interest Payments			195,117			195,117
Transfers	740,248	904,370		318,416		1,963,034
Total Cash Disbursements	740,248	904,370	906,516	318,416	-	2,869,550
Cash, Cash Equivalents and Investments- November 30, 2020	5,000	491,269	47,485	159,210	20,420	723,384
Analysis of Balance:						
Unrestricted	5,000	491,269	47,485	2	-	543,756
Restricted	-	-	-	159,208	20,420	179,628
	5,000	491,269	47,485	159,210	20,420	723,384
Cash and Cash Equivalents	5,000	491,269	47,485	159,210	20,420	723,384
Investments	-	-	-	-	-	-
	5,000	491,269	47,485	159,210	20,420	723,384

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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS
 FOR THE YEAR ENDED NOVEMBER 30, 2019**

	FY 2020 Budget	FY 2020 Budget After Modification	FY 2020 Actual	FY 2019 Actual
Revenue:				
Net Position Utilized	49,500	339,500	339,500	
User Charges	599,500	599,500	599,500	600,500
Interest on Investments and Deposits	3,000	3,000	2,631	11,378
Connection Fees	2,500	2,500	854	854
Total Operating Revenue	654,500	944,500	942,485	612,732
Expenses:				
Operating and Maintenance				
(1) Engineering and Consulting Services	45,000	45,000	47,714	14,998
(2) Legal Fees	500	500	2,837	475
(3) Indirect Administration, Legal and Fiscal Expenses	50,000	50,000	44,593	47,187
(4) Trustee and Banking Fees				1,500
(6) Insurance	10,000	10,000	9,497	9,411
(7) Printing Expenses	300	300		
(8) Safety Equipment	400	400		
(9) Chemicals	1,000	1,000	4,508	721
(10) Laboratory Supplies	700	700	614	951
(11) Plant Supplies	600	600	73	429
(12) Testing Services	2,000	2,000	698	887
(13) Outside Services	25,300	25,300	48,846	29,074
(14) Utilities	57,000	57,000	38,030	49,117
(15) Motor Vehicles and Equipment	200	200	163	162
(16) Equipment/Stationary	4,500	4,500	1,088	2,127
(17) Electrical and Mechanical Equipment Repair	1,000	1,000	5,217	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	11,084	8,923
Total Operating and Maintenance Expenses	295,500	295,500	302,962	254,282
Capital Outlays	40,000	330,000	286,937	
Debt Service:				
Principal	125,000	125,000	125,000	123,000
Interest	194,000	194,000	193,519	196,693
	319,000	319,000	318,519	319,693
	654,500	944,500	908,418	573,975
Excess or (Deficit) in Actual Revenues and Expenses			34,067	38,757
Reconciliation of Budgetary Basis To				
Change in Net Position:				
Net Position Utilized			(339,500)	
Depreciation			(324,607)	(321,415)
Debt Service Principal			125,000	123,000
Payment to Upper Walkkill - Repayment of County Loan				(18,650)
Capital Outlays			286,937	
			(252,170)	(217,065)
Change in Net Position			(218,103)	(178,308)

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2020

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2019	Issued	Refunded or Paid	Balance Nov. 30, 2020
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 1	09/20/16	\$ 5,496,000	2.750%	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, 2020

Description	Original Issue		Interest Rate	Maturities		Issued	Refunded or Paid	Balance Nov. 30, 2020
	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				
					5,295,733		84,015	5,211,718

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE

NOVEMBER 30, 2020

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2019	Issued	Refunded or Paid	Balance Nov. 30, 2020
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 3	09/20/16	\$ 757,000	2.250%	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

PAULNSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2020

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2019	Issued	Refunded or Paid	Balance Nov. 30, 2020
	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				
						726,298		12,770	713,528

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2020

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2019	Issued	Refunded or Paid	Balance Nov. 30, 2020
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 5	09/20/16	\$ 1,572,000	2.250%	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
WALLKILL WATERSHED PROJECT FUND
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND INVESTMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2020

Cash, Cash Equivalents and Investments- December 1, 2019	125,149
Cash Receipts:	
Operating Grants	306,639
Total Cash Receipts	<u>306,639</u>
Total Cash And Investments Available	<u>431,788</u>
Cash Disbursements:	
Project Expenses	341,727
Total Cash Disbursements	<u>341,727</u>
Cash, Cash Equivalents and Investments- November 30, 2020	<u>90,061</u>
Analysis of Balance:	
Unrestricted	90,061
Restricted	-
	<u>90,061</u>
Cash and Cash Equivalents	90,061
Investments	-
	<u>90,061</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

	<u>Administrative Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	345,481
Prepaid Expenses	<u>4,722</u>
Total Current Assets	<u>350,203</u>
Restricted Assets	
Cash and Cash Equivalents	259,551
Investments	<u>394,478</u>
Total Noncurrent Assets	<u>654,029</u>
Total Assets	<u>1,004,232</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	6,295
Payroll Taxes Payable	2,717
Due to Other Funds	<u>341,191</u>
Total Current Liabilities	<u>350,203</u>
Total Liabilities	<u>350,203</u>
NET POSITION	
Restricted:	
Reserve for Unemployment Insurance	<u>654,029</u>
Total Net Position	<u><u>654,029</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, 2020

	<u>Administrative Services</u>
Operating Revenues:	
User Charges	1,403,348
Interest Income	6,380
Unemployment Contributions	<u>7,411</u>
Total Operating Revenue	<u>1,417,139</u>
Operating Expenses:	
Administrative and General Expenses	1,403,348
Unemployment Claims	<u>649</u>
Total Operating Expenses	<u>1,403,997</u>
Operating Income	<u>13,142</u>
Net Position - Beginning	<u>640,887</u>
Net Position - Ending	<u><u>654,029</u></u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2020

	Administrative Services
Cash Flows From Operating Activities:	
Cash Received from Users	1,403,348
Other Operating Receipts	7,411
Interest Received	6,380
Cash Paid to Employees	(806,300)
Cash Paid for Employee Benefits	(420,937)
Cash Paid to Suppliers and Professional contractors	(72,285)
Net Cash Provided/(Required) By Operating Activities	117,617
Cash Flows From Investing Activities:	
Sales (Purchases) of Investments	(6,367)
Net Cash Provided/(Required) By Investing Activities	(6,367)
Increase/(Decrease) In Cash And Cash Equivalents	111,250
Cash And Cash Equivalents - December 1,	493,782
Cash And Cash Equivalents - November 30,	605,032
Classified As:	
Unrestricted Assets	345,481
Restricted Assets	259,551
	605,032
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	13,142
Items Affecting Cash from Operations:	
Decrease / (Increase) in:	
Prepaid Expenses	(48)
Increase / (Decrease) in:	
Accounts Payable and Accrued Liabilities	104,523
Net Cash Provided/(Required) by Operating Activities	117,617

Single Audit Section



WIELKOTZ & COMPANY^{LLC}

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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, 2020, and the related notes to the financial statements, and have issued our report thereon dated February 1, 2022.

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 questioned costs as items 2020-002 and 2020-003 that we consider to be significant deficiencies.

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 questioned costs as item 2020-001.

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

February 1, 2022





WIELKOTZ & COMPANY^{CPA}

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the Sussex County Municipal Utilities Authority's compliance with the types of compliance requirements described in the Office of Management and Budget (OMB)'s Compliance Supplement and N.J. OMB Circular 15-08 that could have a direct and material effect on each of its major federal and state programs for the year ended November 30, 2020. The Sussex County Municipal Utilities Authority's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Sussex County Municipal Utilities Authority's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Sussex County Municipal Utilities Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the Sussex County Municipal Utilities Authority's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Sussex County Municipal Utilities Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended November 30, 2020.

Report on Internal Control Over Compliance

Management of the Sussex County Municipal Utilities Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Sussex County Municipal Utilities Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sussex County Municipal Utilities Authority's internal control over compliance.

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

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



Honorable Chairperson and Members
Sussex County Municipal Utilities Authority
Page 3.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and N.J. OMB Circular 15-08

We have audited the financial statements of the Sussex County Municipal Utilities Authority as of and for the year ended November 30, 2020, and have issued our report thereon dated February 1, 2022 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and N.J. OMB Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Wielkatz & Company, LLC

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

February 1, 2022



SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards
Fiscal Year Ended November 30, 2020

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Program Amount	Grant Period		Cash Received		Program Expenditures		
				From	To	Prior Years	Current Year	Prior Years	Current Year	Total
U.S. Environmental Protection Agency: <i>Pass Through New Jersey Department of Environmental Protection:</i> Performance Partnership Grants: Section 319(h) Pollution Control and Management Implementation Grant	66.605	100-042-4801-442-V77R-6120-7W319HXX	\$ 700,000	09/03/13	12/31/20	630,000	-	585,636	85,129	670,765
Implementation of Sussex County Restoration and Stewardship Initiative	66.605	100-042-4801-442-V77R-6130-7W319HXX	\$ 800,000	10/01/17	09/30/22	144,000	144,000	164,921	95,650	260,571
U.S. Department of Agriculture: Natural Resources Conservation Service	10.902	N/A	\$ 149,592	09/16/16	08/31/21	81,014	29,330	100,832	46,822	147,654
Soil and Water Conservation Wetlands Reserve Program	10.072	N/A	\$ 15,000	09/16/16	08/31/21	6,194	2,928	8,181	3,107	11,288
Environmental Quality Incentives Program	10.912	N/A	\$ 25,000	09/16/16	08/31/21	4,619	4,894	7,927	5,179	13,106
Regional Conservation Partnership Program	10.932	N/A	\$ 9,000	09/16/16	08/31/21	1,733	1,765	2,928	1,860	4,788
Agricultural Conservation Easement Program	10.931	N/A	\$ 11,500	09/16/16	08/31/21	2,114	2,262	3,646	2,400	6,046
U.S. Department of the Interior - National Fish and Wildlife Foundation: <i>Pass Through The Nature Conservancy:</i> Restoring Paulins Kill Floodplain Forests and Functions	15.663	P130201-F105072-WRWMG-NFWP-FY19	\$ 62,810	10/15/18	01/15/21	14,820	39,577	26,632	36,173	62,805
Building Awareness of Green Infrastructure	15.663	N/A	\$ 177,555	06/01/17	11/20/20	128,995	-	128,995	48,560	177,555
Building Awareness of Green Infrastructure	15.663	N/A	\$ 238,023	05/01/19	08/01/22	-	13,059	-	13,059	13,059
						1,013,489	237,815	1,029,698	337,939	1,367,637

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, 2020

State Grantor/Pass-Through Grantor/Program	Pass Through Entity ID No.	State Account Number	Program Amount	Grant Period		Prior Years	Cash Received		Prior Years	Program Expenditures	
				From	To		Current Year	Total		Current Year	Total
<u>New Jersey Department of Environmental Protection:</u>											
NJ Environmental Infrastructure Trust Program	n/a	SS42008-04 (CLP)	\$7,405,888	12/01/19	11/30/20	-	-	-	-	940,317	940,317
Recycling Enhancement Act Tax Fund	n/a	042-4910-100-224	\$ 143,320	06/01/19	05/31/20	-	143,320	-	-	143,320	143,320
Recycling Enhancement Act Tax Fund	n/a	042-4910-100-224	\$ 162,000	06/01/20	05/31/21	-	-	-	-	-	-
Total State Financial Assistance						-	143,320	-	-	1,083,637	1,083,637

See accompanying Notes to Schedules of Federal and State Awards

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

**NOTES TO THE SCHEDULES OF EXPENDITURES
OFFEDERALANDSTATEAWARDS
NOVEMBER 30, 2020**

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award programs of the Sussex County Municipal Utilities Authority. The Authority is defined in Note 1 to the Authority's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the accrual basis of accounting. This basis of accounting is described in Note 2(A) to the Authority's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations and Single Audit Policy for Recipients of Grants, State Grants, and State Aid.*

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Awards and financial assistance revenues are reported in the Authority's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Enterprise Fund	<u>\$337,939</u>	<u>\$1,083,637</u>	<u>\$1,421,576</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. INDIRECT COST RATE

The Sussex County Municipal Utilities Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section I--Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?

_____ yes

 X no

2) Significant deficiency(ies) identified that are not considered to be material weaknesses reported?

 X yes

_____ none

Noncompliance material to general-purpose financial statements noted?

 X yes

_____ no

Federal Awards

Not Applicable

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED NOVEMBER 30, 2020**

Section I--Summary of Auditor's Results, (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses reported? _____ yes X none

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
N/A	NJ Environmental Infrastructure Trust Fund (Construction Loan Program)

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section II--Financial Statement Findings

2020-001:

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 is making provisions in its annual budgets to fund the shortfall in its cell closure reserve.

2020-002:

CONDITION

In several instances, it was noted that purchase requisitions were dated and or approved after the goods and services had 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 instances, resulting in ineffective controls.

CAUSE

Established 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 and services.

VIEWS OF RESPONSIBLE OFFICIALS/CORRECTIVE ACTION

Steps will be taken to strengthen controls involving the purchase of goods and services.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section II--Financial Statement Findings, (continued.)

2020-003:

CONDITION

The Authority is not billing hauled sewage at the approved rate for 2020.

CRITERIA

The rates and fees to be charged to customers for various types of services provided by the Authority are approved on an annual basis.

EFFECT

The Authority is charging incorrect rates for hauled sewage.

CAUSE

Billings were not updated to reflect the approved rate for 2020. The rates billed were the 2019 approved rates.

RECOMMENDATION

That steps be taken to ensure that billings to customers are based on current year approved rates.

VIEWS OF RESPONSIBLE OFFICIALS/CORRECTIVE ACTION

The Authority will review procedures and take steps to ensure that current year rates are used in all billings.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section III—Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Status of Prior Year Findings

A review was performed on all prior year's audit findings:

Uncorrected Items:

2019-003

Purchase requisitions were dated and/or approved after the goods or services have been ordered.

Partially corrected items:

2019-001

The Authority has a shortfall in the funding of its Solid Waste facilities cell closure reserve.

The authority continues to make provisions in the annual budgets to reduce this deficiency.

General Comments

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 or 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, 2020

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