

REPORT OF AUDIT
SUSSEX COUNTY
MUNICIPAL UTILITIES AUTHORITY
NOVEMBER 30, 2021

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

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Introductory Section

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
ROSTER OF OFFICIALS
NOVEMBER 30, 2021

Authority Members

Title

Commissioners

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

Other Officials

Thomas Varro, P.E.	Executive Director
Timothy Day	Comptroller
Timothy Phillips	Superintendent - Wasterwater Facilities
Jon Morris	Superintendent - Solid Waste Facilities
Joseph Sesto	Chief Engineer
Tetrattech	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, 2021 to January 1, 2022.

Financial Section



WIELKOTZ & COMPANY L.L.C.

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

Opinions

We have audited the accompanying statements of net position of the Sussex County Municipal Utilities Authority as of November 30, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sussex County Municipal Utilities Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the schedule of the Authority's proportionate share of the net pension liability and the Authority's proportionate share of the Net OPEB 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation 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.

Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Wielkötzy & Company, LLC

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

January 4, 2023



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, 2021 and 2020. 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 \$(2,958,754) (net position) for the fiscal year reported. This compares to the previous year when liabilities exceeded assets by \$(1,429,434).
- Total net position are comprised of the following:
 - (1) Net Investment in Capital Assets, of \$2,572,287 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 \$4,808,132 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$(10,339,173) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority increased by \$36,027,076 to \$143,255,781 during the fiscal year primarily due to increases in the Authority's accounts payable, closure and postclosure liabilities, 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 years activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in those assets. The reader can think of the Authority's net position – the difference between assets and deferred outflows and liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

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

Net Position

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

The Authority's net position at fiscal year-end are \$(2,958,754). This is a \$1,529,320 decrease over last year's net position of \$(1,429,434). A summary of the Authority's statement of net position is presented in the following table:

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

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>FY 2019</u>
Current and Other Assets	72,357	52,178	20,179	38.67%	42,068
Capital Assets	72,013	56,534	15,479	27.38%	55,226
Deferred Outflows of Resources	<u>8,439</u>	<u>8,877</u>	(438)	(4.93)%	<u>3,418</u>
Total Assets and Deferred Outflows	<u>152,809</u>	<u>117,589</u>	<u>35,220</u>		<u>100,712</u>
Long-term Debt Outstanding	89,392	58,608	30,784	52.53%	52,708
Other Liabilities	53,864	48,620	5,244	10.79%	37,508
Deferred Inflows of Resources	<u>12,512</u>	<u>11,790</u>	<u>722</u>	6.12%	<u>11,973</u>
Total Liabilities and Deferred Inflows	<u>155,768</u>	<u>119,018</u>	<u>36,750</u>		<u>102,189</u>
Net Investment					
In Capital Assets	2,572	3,842	(1,270)	(33.06)%	3,449
Restricted	4,808	8,239	(3,431)	(41.64)%	9,547
Unrestricted	<u>(10,339)</u>	<u>(13,510)</u>	<u>3,171</u>	(23.47)%	<u>(14,473)</u>
	<u>(2,959)</u>	<u>(1,429)</u>	<u>(1,530)</u>	107.07%	<u>(1,477)</u>

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 decreased by \$1,529,320.

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

Net Position (Continued)

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

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>FY 2019</u>
Operating Revenues	22,710	22,253	457	2.05%	22,626
Non-Operating Revenues	<u>1,440</u>	<u>1,422</u>	<u>18</u>	1.27%	<u>2,004</u>
Total Revenues	<u>24,150</u>	<u>23,675</u>	<u>475</u>		<u>24,630</u>
Depreciation Expense	5,029	5,022	7	0.14%	4,861
Other Operating Expenses	14,238	14,082	156	1.11%	13,536
Other Non-Operating Expense	<u>6,413</u>	<u>4,523</u>	<u>1,890</u>	41.79%	<u>2,527</u>
Total Expenses	<u>25,680</u>	<u>23,627</u>	<u>2,053</u>		<u>20,924</u>
Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in Net Position	(1,530)	48	(1,578)		3,706
Net Position December 1	<u>(1,429)</u>	<u>(1,477)</u>	<u>48</u>	(3.25)%	<u>(5,183)</u>
Ending Net Position	<u>(2,959)</u>	<u>(1,429)</u>	<u>(1,530)</u>	107.07%	<u>(1,477)</u>

The Authority's Operating Revenues increased by \$456,587 to \$22,710,006 in 2021 from \$22,253,419 in 2020 primarily due to increases in user charges and tipping fees. Nonoperating Revenues increased by \$17,981 to \$1,439,799 from \$1,421,818 mainly due to increases in net cell closure revenues. Non-operating expenses increased by \$ 1,889,693 to \$6,412,506 primarily due to increases in post-closure expenditures and debt issuance costs.

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 2021 and 2020 budget comparison:

**Budget vs. Actual
FY 2021
(000's)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	18,551	22,710	4,159
Non-Operating	<u>1,065</u>	<u>1,440</u>	<u>(375)</u>
	<u>19,616</u>	<u>24,150</u>	<u>4,534</u>
Expenses:			
Operating	17,010	14,238	2,772
Non-Operating	<u>2,606</u>	<u>6,413</u>	<u>(3,807)</u>
	<u>19,616</u>	<u>20,651</u>	<u>(1,035)</u>
Income Before Depreciation and Capital Contributions	<u>0</u>	<u>3,499</u>	<u>3,499</u>

**Budget vs. Actual
FY 2020
(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>

**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 2022:

Hampton Commons Facility

a. Hampton Commons FY2022 Budget		\$212,000
b. Investment Earnings		
Earnings on Fund Balances		
R&R Fund	\$45,000	
Operating Fund	115,000	
Average Fund Balance	\$160,000	
Estimated Interest Rate	.25%	
Projected Investment Earnings	\$2,000	
c. Appropriation from Retained Earnings	\$20,000	
Total Amount of Other Revenues		\$22,000
d. Amount to be Raised by User Charges		\$190,000
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:

	GPD	%		Estimated FY22 Annual Charge
Hampton Common Homeowners Assoc.	32,000	82.05%	\$190,000	\$155,897.44
Township of Hampton	7,000	17.95%	\$190,000	\$ 34,102.56
	39,000	100.00%		\$190,000.00

Calculations of HCHA per Unit charge

$$\begin{array}{rcl}
 \frac{\text{D/S \& O\&M Expenses}}{\text{Units}} & = & \text{FY2022 Estimated User Charges} \\
 \\
 \frac{\$155,897}{300} & = & \boxed{\$520} \text{ per unit}
 \end{array}$$

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

Solid Waste Facilities

Tipping Fee Calculation/Analysis:	\$11,022,400
FY2022 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	\$10,424,400

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

$$\frac{\text{Revenues Necessary from Tip Fee}}{\text{Est. FY2022 Tonnage}} = \frac{\$10,424,400}{106,000} = \boxed{\$98.34} \text{ per ton}$$

**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		FY2022 Projections	% of Total	FY2022 Gen. Charge
Hamburg Borough	235,000	Actual	\$85,775,000	11.73%	\$75,746
Franklin Borough	405,000	Actual	147,825,000	20.22%	130,541
Walkkill Sewer Co.	92,000	Actual	33,580,000	4.59%	29,654
HTMUA	257,000	actual(a)	93,805,000	12.83%	82,837
Sussex Borough	312,000	GMF	113,880,000	15.57%	100,565
Wantage Twp.	36,500	GMF	13,322,500	1.82%	11,765
Sparta Twp.	205,000	GMF	74,825,000	10.23%	66,076
Vernon Twp.	461,000	GMF	168,265,000	23.01%	148,591
	<u>2,003,500</u>		<u>\$ 731,277,500</u>	<u>100.00%</u>	<u>\$ 645,775</u>

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

Participant	GPD		FY2022 Projections	% of Total	FY2022 O&M Charge
Hamburg Borough	235,000	Actual	85,775,000	11.21%	434,540
Franklin Borough	405,000	Actual	147,825,000	19.32%	748,888
Walkkill Sewer Co.	92,000	Actual	33,580,000	4.39%	170,118
HTMUA	315,000	GMF(b)	114,975,000	15.03%	582,468
Sussex Borough	315,000	GMF	114,975,000	15.03%	582,468
Wantage Twp.	63,000	GMF	22,995,000	3.01%	116,494
Sparta Twp.	210,000	GMF	76,650,000	10.02%	388,312
Vernon Twp.	461,000	GMF	168,265,000	21.99%	852,438
	<u>2,096,000</u>		<u>\$ 765,040,000</u>	<u>100.00%</u>	<u>\$ 3,875,726</u>

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

(b) O&M Charges – HTMUA GMF (302,000 gpd) + YMCA GMF 8,000 gpd) + WVRHS Actual (5,000 gpd)

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

FY2022 Estimated Total Sewer User Charges

Participant	General Charge	Operating Charge	Proj. FY2022 User Charge	FY2021 Estimated User Charge	% Change
Hamburg Borough	\$75,746	\$434,540	\$510,286	\$516,569	(1.22)%
Franklin Borough	130,541	748,887	879,428	949,143	(7.34)%
Wallkill Sewer Co.	29,654	170,118	199,772	144,892	37.88%
HTMUA	82,837	582,468	665,305	614,285	8.31%
Sussex Borough	100,565	582,468	683,033	655,161	4.25%
Wantage Twp.	11,765	116,494	128,259	118,195	8.51%
Sparta Twp.	66,076	388,312	454,388	438,314	3.67%
Vernon Twp. (A)	<u>1,148,591</u>	<u>852,438</u>	<u>2,001,029</u>	<u>1,968,042</u>	<u>1.68%</u>
Comparison all system users	\$1,645,775	\$3,875,725	\$5,521,500	\$5,404,601	2.16%

(A) Added in Vernon Additional Bonds \$1,000,000.

Note: Due to system calculations, rounding error may occur

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

$$\frac{\$5,521,500}{765,040,000} = \$0.00722 \times 1,000 = \$7.22$$

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

Paulinskill Facility – FY2022

a. Paulinskill Facility Proposed FY 2022 Budget

Debt Service	\$319,000	
O&M	<u>\$335,000</u>	
Total Budget		\$654,000

b. Investment Earnings \$ 1,500

c. Appropriation from Retained Earnings \$ 25,000

d. Connection Fees \$ 4,000

Connection Fee Calculation:

Debt Service Paid:		
	FY19	\$319,683 audited
	FY20	\$318,416 audited
	FY21	<u>\$319,000 unaudited</u>
Total D/S Paid		\$957,099

Total Number of EDU's in Paulinskill System 752.72

Connection Fee Calculation = $\frac{\text{D/S Paid}}{\text{EDU's}} = \frac{\$957,099}{753} = 1,272 \text{ Per EDU}$

Total Amount of Other Revenues \$ 30,500

e. Amount to be Raised by User Charges \$ 623,500

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	91.10%	\$290,605	\$277,396	\$568,002
Township of Frankford	<u>67.00</u>	210	<u>14,070</u>	<u>8.90%</u>	<u>\$ 28,395</u>	<u>\$ 27,104</u>	<u>\$ 54,498</u>
	752.72		158,070	100.00%	\$319,000	\$304,500	\$623,500

Calculation of Branchville Borough's Est. FY2022 per EDU Charge

$$\frac{\text{D/S \& O\&M Expenses}}{\text{Units}} = \text{FY2022 Estimated User Charges}$$

$$\frac{\$568,002}{685.72 \text{ EDU's}} = \boxed{\$828} \text{ per unit}$$

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

$$\frac{\text{D/S \& O\&M Expenses}}{\text{Units}} = \text{FY2022 Estimated User Charges}$$

$$\frac{\$55,498}{67 \text{ EDU's}} = \boxed{\$828} \text{ per unit}$$

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

Capital Assets

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>FY 2019</u>
Land	3,834	3,834	0	3,834
Improvements	81,937	79,711	2,226	79,555
Buildings	66,776	66,741	35	66,022
Machinery and Equipment	<u>24,485</u>	<u>23,600</u>	<u>885</u>	<u>20,790</u>
Total Property, Plant and Equipment	177,032	173,886	3,146	170,201
Less: Accumulated Depreciation	<u>(125,964)</u>	<u>(121,227)</u>	<u>(4,737)</u>	<u>(117,333)</u>
	51,068	52,659	(1,591)	52,868
 Construction in Progress	 <u>20,945</u>	 <u>3,876</u>	 <u>17,069</u>	 <u>2,358</u>
 Net Property, Plant and Equipment	 <u>72,013</u>	 <u>56,535</u>	 <u>15,478</u>	 <u>55,226</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 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 2021, the SCMUA has budgeted for the repair/replacement of various pieces of equipment that have reached the end of their life cycle.

Leachate Pump Station/Forcemain

In 2021, the SCMUA will continue the construction of a leachate pumping station & forcemain project to convey landfill leachate to the Upper Walkkill Facility. This project will be more cost efficient and reduce risks associated with hauling leachate via tanker trucks. This project will be funded through the N.J. Infrastructure Bank and is anticipated to be completed in 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 2021, 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 2021, 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, 2021, the Authority had \$100,063,850 in long term obligations. Of this amount, \$756,035 is for compensated absences, \$324,949 is for a planning loan from Sussex County, \$17,735,724 is the Authority's net OPEB obligation, \$6,124,730 is the Authority's net pension obligation, \$44,188,182 is for Wastewater bonds and notes payable, \$10,542,233 is for Solid Waste program bonds and notes payable, and \$20,391,997 is for landfill closure and post-closure accrued liabilities.

Additionally, the Authority has \$34,661,546 in outstanding notes related to a construction loans financed through the New Jersey Infrastructure Bank.

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, 2021 AND 2020**

Exhibit A
 Page 1 of 3

	<u>2021</u>	<u>2020</u>
ASSETS		
Unrestricted Current Assets		
Cash and Cash Equivalents	\$ 19,604,906	\$ 16,695,958
Accounts Receivable (net of allowance for uncollectibles)	827,954	946,758
Prepaid Expenses	44,678	44,132
Due From Central Services	271,495	324,160
Due From State of New Jersey	162,000	162,000
	20,911,033	18,173,008
Restricted Current Assets		
Phase 2 Construction Fund		
Cash and Cash Equivalents	4,191,631	455,486
Due From NJ Infrastructure Bank	20,193,250	6,231,070
Due From Central Services	5,237	7,407
Phase 3 Construction Fund		
Cash and Cash Equivalents	260,521	260,521
Renewal and Replacement Fund		
Cash and Cash Equivalents	4,103,547	4,485,790
Current Debt Service Fund		
Cash and Cash Equivalents	2,597,011	2,486,236
Retained Percentages Account		
Cash and Cash Equivalents	352,764	21,519
Operations		
Cash and Cash Equivalents	3,382,100	3,389,000
Cell Closure Account		
Cash and Cash Equivalents	1,836,411	3,487,803
Due From NJ Infrastructure Bank	1,143,593	1,174,818
Due From Central Services	6,770	9,624
Due From Construction Fund	1,089,725	
Landfill Postclosure Account		
Cash and Cash Equivalents	159,616	45,159
Investments	11,465,181	11,296,493
Unemployment Trust Fund		
Cash and Cash Equivalents	262,934	259,551
Investments	395,301	394,478
	51,445,592	34,004,955
	72,356,625	52,177,963

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2021 AND 2020

Exhibit A
Page 2 of 3

	<u>2021</u>	<u>2020</u>
Non-Current Assets		
Capital Assets		
Land	3,833,925	3,833,925
Improvements	81,937,210	79,711,175
Buildings	66,776,418	66,740,525
Machinery and Equipment	24,485,069	23,600,326
Accumulated Depreciation	(125,964,580)	(121,227,183)
Construction in Progress	20,945,090	3,875,793
Total Non-Current Assets	<u>72,013,132</u>	<u>56,534,561</u>
Total Assets	<u>144,369,757</u>	<u>108,712,524</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - PERS	1,222,884	1,000,455
Deferred Outflows - OPEB	6,102,841	6,682,266
Deferred Loss on Refunding of Debt	1,113,428	1,193,994
Total Deferred Outflows of Resources	<u>8,439,153</u>	<u>8,876,715</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 152,808,910</u>	<u>\$ 117,589,239</u>
 LIABILITIES		
Current Liabilities (Payable from Unrestricted Assets)		
Payroll Taxes Payable	\$ 7,077	\$ 2,717
Accounts Payable	1,589,973	1,089,717
Accounts Payable - PERS	605,476	506,575
Due to Other Funds	283,502	341,191
Prepaid Sewer Charges		137,080
Escrow Deposits	4,646	4,646
Bonds and Loans Payable - Current Portion	886,394	876,393
Accrued Interest on Loans	77,848	27,000
Total Current Liabilities Payable from Unrestricted Assets	<u>3,454,916</u>	<u>2,985,319</u>
Current Liabilities (Payable from Restricted Assets)		
Accounts Payable - Cell Closure	97,780	1,250,206
Accounts Payable - Construction	2,722,913	545,999
Retainage Payable	352,764	21,519
Lease Payable	554,401	804,604
Due to Cell Closure - Construction Fund	1,089,725	
Bonds and Loans Payable - Current Portion	2,479,815	2,361,514
Construction Loan Payable - NJ Infrastructure Bank	34,661,546	7,479,947
Accrued Interest on Bonds	1,144,280	1,035,782
Total Current Liabilities Payable from Restricted Assets	<u>43,103,224</u>	<u>13,499,571</u>
Total Current Liabilities	<u>46,558,140</u>	<u>16,484,890</u>

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF NET POSITION
AS OF NOVEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Non-Current Liabilities		
Net Pension Liability - PERS	6,124,730	7,551,456
Net OPEB Liability	17,735,724	17,740,047
Planning Loan - County of Sussex	324,949	324,949
Accrued Liabilities - Closure and Postclosure Costs	20,391,997	16,504,202
Accrued Liabilities - Compensated Absences	756,035	732,695
USDA Loans Payable	7,150,654	7,280,470
NJEIT Loans Payable	4,280,839	5,167,233
Revenue and Refunding Bonds Payable	39,932,713	35,442,763
	<hr/>	<hr/>
Total Non-Current Liabilities	96,697,641	90,743,815
	<hr/>	<hr/>
Total Liabilities	143,255,781	107,228,705
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - PERS	3,885,019	3,257,295
Deferred Inflows - OPEB	7,505,901	7,975,514
Bond Premiums - Net	1,120,963	557,159
	<hr/>	<hr/>
Total Deferred Inflows of Resources	12,511,883	11,789,968
	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	155,767,664	119,018,673
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	2,572,287	3,842,008
Restricted For:		
Debt Service	1,452,731	1,450,454
Renewal and Replacement	4,103,547	4,485,790
Operations	3,382,100	3,389,000
Landfill Cell Closure/Postclosure	(4,788,481)	(1,740,511)
Unemployment Trust	658,235	654,029
Unrestricted		
Designated	751,702	652,134
Undesignated	(11,090,875)	(14,162,338)
	<hr/>	<hr/>
Total Net Position	\$ (2,958,754)	\$ (1,429,434)
	<hr/>	<hr/>

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, 2021 AND 2020

Exhibit B
Page 1 of 2

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
User Charges	\$ 7,655,088	\$ 7,506,858
Treatment of Sludge, Septage and Leachate	1,268,426	1,260,670
Operating and Maintenance Charges - Municipal	184,500	176,500
Tipping Fees	11,818,692	11,699,545
Recycling Markets	330,354	147,325
Connection Fees	502,446	588,261
Operating Grants	611,182	468,639
Finance Charges	13,630	19,892
Interest	2,028	76,096
Miscellaneous	323,660	309,633
	22,710,006	22,253,419
OPERATING EXPENSES		
Administration, Operating, Maintenance and Reserves	14,233,129	14,081,847
Other	4,220	649
Depreciation	5,029,270	5,021,869
	19,266,619	19,104,365
	3,443,387	3,149,054
OPERATING INCOME (LOSS)		
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	208,031	233,801
Budget Appropriation - Renewal and Replacement	556,000	689,000
Budget Appropriation - Cell Closure	600,000	300,000
Budget Appropriation - Vernon Rate Stabilization	13,777	11,104
Interest Expense	(611,960)	(591,960)
Accreted Interest on Capital Appreciation Bonds	(1,464,950)	(1,484,928)
Amortization of Bond Discount, Premiums	(23,466)	(30,365)
Investment Expenses	(104,447)	(147,530)

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, 2021 AND 2020

Exhibit B
Page 2 of 2

	<u>2021</u>	<u>2020</u>
NON-OPERATING REVENUES (EXPENSES), cont.		
Gain on Disposal of Equipment	61,991	187,913
Debt Issuance Costs	(380,070)	(74,059)
Other Non-Operating Expenses	(50,000)	(40,000)
Cell Closure Expenditures (Net)	1,726,060	(1,016,260)
Postclosure Expenditures (Net)	<u>(5,503,673)</u>	<u>(1,137,711)</u>
 Total Non-Operating Income (Expenses)	 <u>(4,972,707)</u>	 <u>(3,100,995)</u>
 CHANGE IN NET POSITION	 (1,529,320)	 48,059
 Net Position, December 1,	 <u>(1,429,434)</u>	 <u>(1,477,493)</u>
 Net Position, November 30,	 <u>\$ (2,958,754)</u>	 <u>\$ (1,429,434)</u>

See accompanying Notes to the Financial Statements.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF CASH FLOWS
AS OF NOVEMBER 30, 2021 AND 2020**

Exhibit C
Page 1 of 2

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Users	\$ 21,236,258	\$ 21,116,312
Cash Received from State of New Jersey	611,182	449,959
Other Operating Receipts	842,262	1,025,141
Interest Received	210,059	309,897
Cash Paid to Employees	(4,590,860)	(4,328,407)
Cash Paid for Employee Benefits	(2,420,923)	(2,274,643)
Cash Paid to Suppliers and Professional Contractors	(7,520,221)	(6,915,410)
Other Operating Payments	(1,089,390)	(40,000)
Interest Paid	<u>(452,614)</u>	<u>(469,478)</u>
Net Cash Provided by Operating Activities	<u>6,825,753</u>	<u>8,873,371</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond Proceeds	5,375,000	
Received from NJ Infrastructure Bank	12,981,519	
Premiums Received	620,904	
Issuance Costs Paid	(110,945)	
Principal Payments on Bonds and Loans	<u>(3,237,908)</u>	<u>(2,960,985)</u>
Net Cash Used for Capital and Related Financing Activities	<u>15,628,570</u>	<u>(2,960,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(18,247,715)	(3,889,325)
Received from Sale of Assets	61,991	
Vernon Rate Stabilization Appropriation	13,777	11,104
Renewal and Replacement Fund	556,000	689,000
Cell Closure Appropriation	600,000	300,000
Investment Expenses	(104,447)	(147,530)
Sales (Purchases) of Investments	<u>(169,511)</u>	<u>(384,811)</u>
Net Cash Provided by Investing Activities	<u>(17,289,905)</u>	<u>(3,421,562)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,164,418	2,490,824
Cash and Cash Equivalents, December 1,	<u>31,587,023</u>	<u>29,096,199</u>
Cash and Cash Equivalents, November 30,	<u>\$ 36,751,441</u>	<u>\$ 31,587,023</u>
ANALYSIS OF BALANCE AT NOVEMBER 30		
Unrestricted - Cash and Cash Equivalents	19,604,906	16,695,958
Restricted - Cash and Cash Equivalents	<u>17,146,535</u>	<u>14,891,065</u>
	<u>\$ 36,751,441</u>	<u>\$ 31,587,023</u>

See accompanying Notes to the Financial Statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINED COMPARATIVE STATEMENTS OF CASH FLOWS
AS OF NOVEMBER 30, 2021 AND 2020

Exhibit C
Page 2 of 2

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ <u>3,443,387</u>	\$ <u>3,149,054</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,029,270	5,021,869
Interest Received on Non-operating Investments	208,031	233,801
Pension Adjustment - PERS	(922,530)	(51,715)
OPEB Adjustment	105,489	144,917
Interest Paid	(452,614)	(469,478)
Other Non-Operating Expenses	(1,089,390)	67,355
(Increase)/Decrease in Accounts Receivable	116,278	188,334
(Increase)/Decrease in Due From Central Services	52,665	(89,811)
(Increase)/Decrease in Due From Solid Waste	2,526	
(Increase)/Decrease in Due From State of New Jersey		(18,680)
(Increase)/Decrease in Prepaid Expenses	(546)	(726)
Increase/(Decrease) in Current Liabilities Payable from Unrestricted Assets	309,847	678,125
Increase/(Decrease) in Non-Current Liabilities	<u>23,340</u>	<u>20,326</u>
Total Adjustments	<u>3,382,366</u>	<u>5,724,317</u>
Net Cash Provided by Operating Activities	\$ <u><u>6,825,753</u></u>	\$ <u><u>8,873,371</u></u>

See accompanying Notes to the Financial Statements.

Notes to Financial Statements

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021

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, 2021
(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, 2021, 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, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021:</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>656,236</u>	<u> </u>	<u>20,288,854</u>	<u> </u>	<u> </u>	<u>20,945,090</u>
Total Capital Assets, Not Being Depreciated	<u>1,230,070</u>	<u>32,741</u>	<u>23,059,422</u>	<u>456,782</u>	<u> </u>	<u>24,779,015</u>
Capital Assets Being Depreciated:						
Improvements	23,065,111		58,872,099			81,937,210
Buildings	41,025,013	510,231	12,923,272	12,317,902		66,776,418
Machinery and Equipment	<u>12,555,762</u>	<u>764,817</u>	<u>10,771,888</u>	<u>386,388</u>	<u>6,214</u>	<u>24,485,069</u>
Total Capital Assets, Being Depreciated	76,645,886	1,275,048	82,567,259	12,704,290	6,214	173,198,697
Less:						
Accumulated Depreciation	<u>(56,212,946)</u>	<u>(1,147,686)</u>	<u>(66,975,479)</u>	<u>(1,623,187)</u>	<u>(5,282)</u>	<u>(125,964,580)</u>
Total Capital Assets Being Depreciated, Net	<u>20,432,940</u>	<u>127,362</u>	<u>15,591,780</u>	<u>11,081,103</u>	<u>932</u>	<u>47,234,117</u>
Total Capital Assets, Net	<u>21,663,010</u>	<u>160,103</u>	<u>38,651,202</u>	<u>11,537,885</u>	<u>932</u>	<u>72,013,132</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

<u>Fiscal Year Ended Nov. 30, 2020:</u>	<u>Upper Walkkill Facilities Fund</u>	<u>Hampton Commons Facilities Fund</u>	<u>Solid Waste Facilities Fund</u>	<u>Paulins Kill Water Reclamation Project</u>	<u>Walkkill 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> </u>	<u> </u>	<u>3,875,793</u>	<u> </u>	<u> </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> </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>

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

<u>Upper Walkkill Facilities Fund:</u>	<u>Balance Nov. 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Nov. 30, 2021</u>
Capital Assets Not Being Depreciated:				
Land	573,834			573,834
Construction in Progress	<u> </u>	<u>656,236</u>	<u> </u>	<u>656,236</u>
Total Capital Assets, Not Being Depreciated	<u>573,834</u>	<u>656,236</u>	<u> </u>	<u>1,230,070</u>
Capital Assets Being Depreciated:				
Improvements	23,065,111			23,065,111
Buildings	41,010,239	14,774		41,025,013
Machinery and Equipment	<u>12,683,461</u>	<u>104,354</u>	<u>(232,053)</u>	<u>12,555,762</u>
Total Capital Assets, Being Depreciated	76,758,811	119,128	(232,053)	76,645,886
Less:				
Accumulated Depreciation	<u>(54,008,928)</u>	<u>(2,436,071)</u>	<u>232,053</u>	<u>(56,212,946)</u>
Total Capital Assets Being Depreciated, Net	<u>22,749,883</u>	<u>(2,316,943)</u>	<u> </u>	<u>20,432,940</u>
Total Capital Assets, Net	<u>23,323,717</u>	<u>(1,660,707)</u>	<u> </u>	<u>21,663,010</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

<u>Hampton Commons Facilities Fund:</u>	Balance Nov. 30, 2020	<u>Additions</u>	<u>Disposals</u>	Balance Nov. 30, 2021
Capital Assets Not Being Depreciated:				
Land	<u>32,741</u>	_____	_____	<u>32,741</u>
Total Capital Assets, Not Being Depreciated	<u>32,741</u>	_____	_____	<u>32,741</u>
Capital Assets Being Depreciated:				
Buildings	510,231			510,231
Machinery and Equipment	<u>764,817</u>	_____	_____	<u>764,817</u>
Total Capital Assets, Being Depreciated	1,275,048			1,275,048
Less:				
Accumulated Depreciation	<u>(1,127,954)</u>	<u>(19,732)</u>	_____	<u>(1,147,686)</u>
Total Capital Assets Being Depreciated, Net	<u>147,094</u>	<u>(19,732)</u>	_____	<u>127,362</u>
Total Capital Assets, Net	<u>179,835</u>	<u>(19,732)</u>	=====	<u>160,103</u>
<u>Solid Waste Facilities Fund:</u>	Balance Nov. 30, 2020	<u>Additions</u>	<u>Disposals</u>	Balance Nov. 30, 2021
Capital Assets Not Being Depreciated:				
Land	2,770,568			2,770,568
Construction in Progress	<u>3,875,793</u>	<u>18,639,096</u>	<u>(2,226,035)</u>	<u>20,288,854</u>
Total Capital Assets, Not Being Depreciated	<u>6,646,361</u>	<u>18,639,096</u>	<u>(2,226,035)</u>	<u>23,059,422</u>
Capital Assets Being Depreciated:				
Improvements	56,646,064	2,226,035		58,872,099
Buildings	12,902,153	21,119		12,923,272
Machinery and Equipment	<u>9,759,446</u>	<u>1,072,262</u>	<u>(59,820)</u>	<u>10,771,888</u>
Total Capital Assets, Being Depreciated	79,307,663	3,319,416	(59,820)	82,567,259
Less:				
Accumulated Depreciation	<u>(64,803,500)</u>	<u>(2,231,799)</u>	<u>59,820</u>	<u>(66,975,479)</u>
Total Capital Assets Being Depreciated, Net	<u>14,504,163</u>	<u>1,087,617</u>	_____	<u>15,591,780</u>
Total Capital Assets, Net	<u>21,150,524</u>	<u>19,726,713</u>	<u>(2,226,035)</u>	<u>38,651,202</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

2. Summary of Significant Accounting Policies, (continued)

G. Property, Plant and Equipment, (continued)

	<u>Balance</u> <u>Nov. 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2021</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	12,317,902			12,317,902
Machinery and Equipment	<u>386,388</u>	<u> </u>	<u> </u>	<u>386,388</u>
Total Capital Assets, Being Depreciated	12,704,290			12,704,290
Less:				
Accumulated Depreciation	<u>(1,282,762)</u>	<u>(340,425)</u>	<u> </u>	<u>(1,623,187)</u>
Capital Assets Being Depreciated, Net	<u>11,421,528</u>	<u>(340,425)</u>	<u> </u>	<u>11,081,103</u>
Total Capital Assets, Net	<u>11,878,310</u>	<u>(340,425)</u>	<u> </u>	<u>11,537,885</u>

	<u>Balance</u> <u>Nov. 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Nov. 30, 2021</u>
<u>Wallkill Watershed Project:</u>				
Capital Assets Being Depreciated:				
Machinery and Equipment	6,214	<u> </u>	<u> </u>	6,214
Total Capital Assets, Being Depreciated	6,214			6,214
Less:				
Accumulated Depreciation	<u>(4,039)</u>	<u>(1,243)</u>	<u> </u>	<u>(5,282)</u>
Capital Assets Being Depreciated, Net	<u>2,175</u>	<u>(1,243)</u>	<u> </u>	<u>932</u>
Total Capital Assets, Net	<u>2,175</u>	<u>(1,243)</u>	<u> </u>	<u>932</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, 2021
(Continued)

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

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

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

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

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

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

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

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

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

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

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

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

I. **Restricted Accounts**

Upper Wallkill Facilities Fund:

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

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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, 2021
(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, 2021
(Continued)

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

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

Solid Waste Facility, (continued):

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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, 2021
(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, 2021, there is a deficiency of \$4,788,481 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, 2021
(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, 2021
(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, 2021
(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 the Statement that (1) exempt primary government 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, 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, in any, this Statement might have on future financial statements.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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, 2021
(Continued)

3. Cash and Cash Equivalents, (continued)

As of November 30, 2021, cash and cash equivalents of the Sussex County Municipal Utilities Authority consisted of the following:

Upper Wallkill Facilities Fund

	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Savings/ Money Market Accounts</u>	<u>Total</u>
Petty Cash	400			400
Revenue Account			2,026,632	2,026,632
Operating Account		134,388		134,388
Vernon Twp. Rate Stabilization Fund		260,204		260,204
Current Debt Service			2,321,784	2,321,784
Phase III Construction		260,521		260,521
General Fund			6,077,207	6,077,207
Renewal and Replacement			1,369,770	1,369,770
Phase II Construction			289,786	289,786
Future Debt Service			1	1
Retainage Account		<u>14,082</u>		<u>14,082</u>
	<u>400</u>	<u>669,195</u>	<u>12,085,180</u>	<u>12,754,775</u>
 <u>Balance Sheet Classification</u>				
Unrestricted Assets				7,157,588
Restricted Assets				<u>5,597,187</u>
				<u>12,754,775</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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			1,366,954	1,366,954
Operating Account		930,984		930,984
Construction Fund		1,259,427	2,642,418	3,901,845
Renewal and Replacement Fund			2,672,755	2,672,755
Cell Closure Account		1,802,506		1,802,506
Landfill Postclosure Account			159,616	159,616
Retained Percentages Account		338,682		338,682
General Fund			11,231,955	11,231,955
	<u>2,350</u>	<u>4,331,599</u>	<u>18,073,698</u>	<u>22,407,647</u>

Balance Sheet Classification

Unrestricted Assets				11,341,463
Restricted Assets				<u>11,066,184</u>
				<u>22,407,647</u>

Hampton Commons Facilities Fund

Operating Account		202,673		202,673
Renewal and Replacement Fund		<u>28,601</u>		<u>28,601</u>
		<u>231,274</u>		<u>231,274</u>

Balance Sheet Classification

Unrestricted Assets				202,673
Restricted Assets				<u>28,601</u>
				<u>231,274</u>

Paulins Kill Water Reclamation Project

Operating Account		52,335		52,335
Revenue Fund			393,883	393,883
Debt Service Fund			159,216	159,216
Renewal and Replacement Fund			<u>32,421</u>	<u>32,421</u>
		<u>52,335</u>	<u>585,520</u>	<u>637,855</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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				446,226
Restricted Assets				<u>191,629</u>
				<u>637,855</u>
<u>Internal Service Fund</u>				
Revenue Operating Account		99,526		99,526
Payroll Account		224,142		224,142
Unemployment Trust Fund	—	262,934	—	262,934
	=	<u>586,602</u>	=	<u>586,602</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				323,668
Restricted Assets				<u>262,934</u>
				<u>586,602</u>
<u>Other Sewer Companies</u>				
Escrow Accounts	—	4,646	—	4,646
	=		=	<u>4,646</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				<u>4,646</u>
<u>Wallkill Watershed Fund</u>				
Operating Account	—	128,642	—	128,642
	=		=	<u>128,642</u>
<u>Balance Sheet Classification</u>				
Unrestricted Assets				<u>128,642</u>
<u>Grand Total</u>				
Unrestricted				19,604,906
Restricted				<u>17,146,535</u>
				<u>36,751,441</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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, 2021, \$-0- of the Authority's bank balance of \$40,221,559 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, 2021
(Continued)

4. **Investments, (continued)**

Renewal and Replacement Fund: a maximum of 3 years.

General Fund: no limitation.

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

Solid Waste Facilities Fund

Operating Fund: No Limitation.

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

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

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

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

Credit Risk

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

Concentration of Credit Risk

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

4. Investments, (continued)

At November 30, 2021, 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+	340,000	339,579		339,579	
FHLMC Mtn	AA+	440,000	439,171	54,876	384,295	
FHLMC Multiclass Mtg Part	N/A	235,158	236,762		236,762	
FNMA	AA+	1,010,000	1,003,357	204,507	798,850	
FNMA Deb.	AA+	225,000	224,433	84,721	139,712	
FNMA Gtd. REMIC	N/A	19,310	20,393			20,393
Federal Agri. Mtge Corp	N/A	60,000	59,925		59,925	
Federal Farm Credit Banks	AA+	60,000	60,079		60,079	
Federal Home Loan Banks	AA+	1,170,000	1,181,258	30,165	798,870	352,223
Us Treasury Bonds	Aaa	180,000	202,947	137,267	65,680	
Us Treasury Notes	Aaa	7,565,000	7,569,632	327,018	5,518,490	1,724,124
Fresb. Multifamily Mortgage	N/A	77,223	77,712		51,306	26,406
Private Export Funding	Aaa	50,000	49,933		49,933	
		<u>11,431,691</u>	<u>11,465,181</u>	<u>838,554</u>	<u>8,503,481</u>	<u>2,123,146</u>

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

Unemployment Trust Fund:

13 Month Certificate of Deposit	\$251,339
13 Month Certificate of Deposit	<u>143,962</u>
	<u>\$395,301</u>

5. Long Term Obligations

Changes in long-term obligations for the fiscal year ended November 30, 2021 are as follows:

	Balance 11/30/20	Issues or Additions	Payments or Expenditures	Balance 11/30/21	Amount Due Within One Year
Compensated Absences	732,695	23,340		756,035	
Planning Loan:					
County of Sussex	324,949			324,949	
Net OPEB Obligation Payable	17,740,047		4,323	17,735,724	
Net Pension Liability	7,551,456		1,426,726	6,124,730	
Bonds and Notes Payable:					
Wastewater Program	45,084,747	1,464,950	2,361,515	44,188,182	2,479,815
Solid Waste Program	6,043,626	5,375,000	876,393	10,542,233	886,394
Accrued Liabilities - Landfill Closure/Postclosure	16,504,202	3,887,795		20,391,997	
	<u>93,981,722</u>	<u>10,751,085</u>	<u>4,668,957</u>	<u>100,063,850</u>	<u>3,366,209</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

6. Bonds Payable

As of November 30, 2021 and 2020, the Authority has the following principal amount of debt outstanding and unamortized losses from refunding transactions.

	<u>Balance</u> <u>11/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>11/30/21</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
<u>Upper Walkill Facilities Fund:</u>					
2008 Series B Wastewater Revenue Bonds	26,826,361	1,274,429	1,995,000	26,105,790	2,100,000
2012 Wastewater Revenue Refunding Bonds	1,835,000		125,000	1,710,000	130,000
2016 Series A Wastewater Refunding Bonds	3,260,000		115,000	3,145,000	120,000
2016 Series B Wastewater Refunding Bonds	<u>5,756,402</u>	<u>190,521</u>		<u>5,946,923</u>	
	<u>37,677,763</u>	<u>1,464,950</u>	<u>2,235,000</u>	<u>36,907,713</u>	<u>2,350,000</u>

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

	<u>2021</u>	<u>2020</u>
Series 2008 B	114,362	131,297
Series 2012	59,606	64,606
Series 2016 A	<u>116,000</u>	<u>119,450</u>
	289,968	315,353
Amortization of Deferred (Gains)/Losses on Refunding:		
2012 and 2016 Refundings	<u>80,567</u>	<u>80,567</u>
	<u>370,535</u>	<u>395,920</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, 2021
(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>
12/1/21	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	693,480	5.410%	2,116,520	2,810,000
	<u>13,481,346</u>		<u>22,728,654</u>	<u>36,210,000</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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 11/30/21</u>	<u>Carrying Value 11/30/21</u>
12/1/21	1,138,242	961,758	2,100,000
12/1/22	1,069,141	928,986	1,998,127
12/1/23	1,263,940	1,116,592	2,380,532
12/1/24	1,193,410	1,071,764	2,265,174
12/1/25	1,125,500	1,027,354	2,152,854
12/1/26	1,060,209	983,522	2,043,731
12/1/27	997,565	940,292	1,937,857
12/1/28	937,515	897,821	1,835,336
12/1/29	881,866	855,692	1,737,558
12/1/30	826,924	815,030	1,641,954
12/1/31	776,254	775,048	1,551,302
12/1/32	782,176	791,043	1,573,219
12/1/33	735,124	749,174	1,484,298
12/1/34	693,480	710,368	1,403,848
	<u>13,481,346</u>	<u>12,624,444</u>	<u>26,105,790</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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>
2021	\$130,000	4.000%	2026	\$155,000	3.375%
2022	135,000	4.000%	2027	160,000	3.375%
2023	140,000	3.125%	2028	165,000	3.375%
2024	145,000	3.125%	2029	170,000	3.625%
2025	150,000	3.125%	2030	175,000	3.625%
			2031	185,000	3.625%

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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>
2021	\$120,000	3.00%	2024	\$125,000	4.00%
2022	120,000	4.00%	2025	130,000	4.00%
2023	125,000	4.00%	2026	140,000	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, 2021
(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, 2021
(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, 2021
(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 11/30/21</u>	<u>Carrying Value 11/30/21</u>
12/1/35	\$1,082,319	\$204,991	\$1,287,310
12/1/36	1,036,004	200,219	1,236,223
12/1/37	992,595	195,027	1,187,622
12/1/38	949,520	188,388	1,137,908
12/1/39	<u>914,620</u>	<u>183,240</u>	<u>1,097,860</u>
	<u>\$4,975,058</u>	<u>\$971,865</u>	<u>\$5,946,923</u>

Solid Waste Facilities Fund:

	<u>Balance Nov. 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Nov. 30, 2021</u>	<u>Amount Due Within One year</u>
NJ Environmental Infrastructure Trust:					
Trust Loan Series 2018A-1	\$1,620,000	\$	\$200,000	\$1,420,000	\$210,000
Fund Loan Series 2018A-1	4,423,626		676,393	3,747,233	676,394
Solid Waste Revenue Bonds: Series 2021		<u>5,375,000</u>		<u>5,375,000</u>	
	<u>\$6,043,626</u>	<u>\$5,375,000</u>	<u>\$876,393</u>	<u>\$10,542,233</u>	<u>\$886,394</u>

New Jersey Environmental Infrastructure Financing Program

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

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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.

Year <u>August 1</u>	<u>Amount</u>	<u>Rate</u>
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>\$1,420,000</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>
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>\$3,747,233</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

6. Bonds Payable, (continued)

3. Solid Waste Revenue Bonds - Series 2021

On August 17, 2021, the Authority issued \$5,375,000 Solid Waste Revenue Bonds, Series 2021. These bonds were issued to (1) finance the construction and undertaking of the Authority's Landfill Expansion Project; and (2) pay the costs and expenses in connection with the issuance of the bonds.

The Series 2021 Bonds are dated August 17, 2021, bear interest at rates ranging from 3.00% to 4.00% and mature in various principal amounts as described below on December 1 of each year from December 1, 2022 to December 1, 2051 inclusive. Interest on the Series 2021 Bonds is payable on June 1 and December 1 of each year.

Series 2021 Maturity Schedule

<u>Year</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2022	\$60,000	3.00%
2023	110,000	3.00%
2024	115,000	4.00%
2025	120,000	4.00%
2026	120,000	4.00%
2027	125,000	4.00%
2028	130,000	4.00%
2029	140,000	4.00%
2030	145,000	4.00%
2031	150,000	4.00%

\$650,000 3.00% Term Bond Due December 1, 2035
 \$1,125,000 3.00% Term Bond Due December 1, 2041
 \$1,105,000 3.00% Term Bond Due December 1, 2046
 \$1,280,000 3.00% Term Bond Due December 1, 2051

Option Redemption

The Bonds maturing prior to December 1, 2032 are not subject to optional redemption. The Bonds maturing on or after December 1, 2032 shall be subject to redemption at the option of the Authority, in whole or in part, on any date on or after December 1, 2031, upon notice as required herein at a redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

6. Bonds Payable, (continued)

Mandatory Sinking Fund Redemption

The Bonds maturing on December 1, 2035 are subject to mandatory sinking fund redemption by the Authority on December 1, in each of the years and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount of such Bonds called for redemption, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Principal Amount</u>
2032	\$155,000
2033	160,000
2034	165,000
2035*	170,000

*Final Maturity

The Bonds maturing on December 1, 2041 are subject to mandatory sinking fund redemption by the Authority on December 1, in each of the years and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount of such Bonds called for redemption, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Principal Amount</u>
2036	\$175,000
2037	180,000
2038	185,000
2039	190,000
2040	195,000
2041*	200,000

*Final Maturity

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

6. Bonds Payable, (continued)

Mandatory Sinking Fund Redemption

The Bonds maturing on December 1, 2046 are subject to mandatory sinking fund redemption by the Authority on December 1, in each of the years and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount of such Bonds called for redemption, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Principal Amount</u>
2042	\$210,000
2043	215,000
2044	220,000
2045	225,000
2046*	235,000

*Final Maturity

The Bonds maturing on December 1, 2051 are subject to mandatory sinking fund redemption by the Authority on December 1, in each of the years and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount of such Bonds called for redemption, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Principal Amount</u>
2047	\$240,000
2048	250,000
2049	255,000
2050	265,000
2051*	270,000

*Final Maturity

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

6. Bonds Payable, (continued)

3. Solid Waste Revenue Bonds - Series 2021, (continued)

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

	<u>2021</u>	<u>2020</u>
NJEIT Series 2018A-1	\$77,549	\$83,088
Solid Waste Revenue Bonds, Series 2021	<u>54,181</u>	<u> </u>
	<u>\$131,730</u>	<u>\$83,088</u>

Paulinskill Water Reclamation System

	Balance Nov. 30, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance Nov. 30, <u>2021</u>	Amount Due Within <u>One year</u>
USDA Rural Development Loans	<u>\$7,406,984</u>	<u>\$ -0-</u>	<u>\$126,515</u>	<u>\$7,280,469</u>	<u>\$129,815</u>

Interest expense on loans is comprised of the following:

	<u>2021</u>	<u>2020</u>
USDA Rural Development Loans	<u>\$190,262</u>	<u>\$193,519</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, 2021
(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>
2022	3.00-4.69%	2,350,000	171,206	2,521,206
2023	4.00-4.79%	2,253,127	258,579	2,511,706
2024	3.125-4.91%	2,645,532	391,387	3,036,919
2025		2,535,174	497,292	3,032,466
2026		2,432,854	599,902	3,032,756
2027-2031	3.125-5.09%	10,776,436	4,400,749	15,177,185
2032-2036	3.375-5.36%	8,394,977	5,985,976	14,380,953
2037-2041	3.00-5.41%	5,519,613	3,398,037	8,917,650
		<u>\$36,907,713</u>	<u>\$15,703,128</u>	<u>\$52,610,841</u>

Solid Waste Facilities Fund

<u>Fiscal</u> <u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	5.00%	886,394	206,452	1,092,846
2023	5.00%	956,393	231,300	1,187,693
2024	5.00%	1,016,394	217,750	1,234,144
2025		1,031,393	202,300	1,233,693
2026		1,051,393	185,600	1,236,993
2027-2031	5.00%	1,290,266	735,850	2,026,116
2032-2036		800,000	588,750	1,388,750
2037-2041		925,000	458,625	1,383,625
2042-2046		1,070,000	309,300	1,379,300
2047-2051		1,245,000	136,125	1,381,125
2052		270,000	4,050	274,050
		<u>\$10,542,233</u>	<u>\$3,276,102</u>	<u>\$13,818,335</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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>
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	2.25-2.75%	143,904	174,512	318,416
2027-2031	2.25-2.75%	777,892	814,185	1,592,077
2032-2036	2.25-2.75%	884,999	707,079	1,592,078
2037-2041	2.25-2.75%	1,006,985	585,093	1,592,078
2042-2046	2.25-2.75%	1,145,930	446,150	1,592,080
2047-2051	2.25-2.75%	1,304,210	287,869	1,592,079
2052-2056	2.25-2.75%	<u>1,476,613</u>	<u>107,541</u>	<u>1,584,154</u>
		<u>\$7,280,469</u>	<u>\$3,856,160</u>	<u>\$11,136,629</u>

7. Construction Notes Payable - NJ Infrastructure Bank:

The Authority has received financing for its "Leachate Pump Station and Force Main Project" and its "Landfill Expansion Project" from loans issued through the Water Bank Construction Financing Program of the New Jersey Infrastructure Bank. As of November 30, 2021, the Authority had the following activity and principal amounts outstanding on these notes:

Solid Waste Facilities Fund:

<u>Note</u>	<u>Project</u>	<u>Balance</u> <u>11-30-20</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>11-30-21</u>
NJWB-CFP-20-1	Leachate Force Main	7,479,947			7,479,947
NJWB-CFP-21-1	Landfill Expansion		27,181,599		27,181,599
		<u>7,479,947</u>	<u>27,181,599</u>		<u>34,661,546</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

7. Construction Notes Payable - NJ Infrastructure Bank: (continued)

The maturity dates of the loans will be 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.
- (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.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

7. **Construction Notes Payable - NJ Infrastructure Bank: (continued)**

- (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, 3026, 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.

It is expected that these notes will be permanently financed with long-term bonds issued through the New Jersey Infrastructure Bank.

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.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

8. Pension Plans, (continued)

Benefits Provided

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

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

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

Defined Contribution Retirement Program

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

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

8. Pension Plans, (continued)

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

Contribution Requirements

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

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

<u>Fiscal</u> <u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2021	\$506,575	\$-0-
2020	\$449,041	-0-
2019	\$464,082	-0-

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

Public Employees Retirement System (PERS)

At November 30, 2021, the Authority reported a liability of \$6,124,730 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the Authority's proportion was .0517007610 percent, which was an increase of .0053937815 percent from its proportion measured as of June 30, 2020.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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)

For the year ended November 30, 2021, the Authority recognized pension benefit of \$415,955. At November 30, 2021, 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	\$96,565	\$43,846
Changes of assumptions	31,898	2,180,444
Net difference between projected and actual earnings on pension plan investments		1,613,415
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>1,094,391</u>	<u>47,314</u>
Total	<u>\$1,222,854</u>	<u>\$3,885,019</u>

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

Year ended November 30:	
2022	\$(1,445,170)
2023	(1,031,848)
2024	(703,544)
2025	(528,856)
2026	206

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for 2021, 2020, 2019, 2018, 2017 and 2016 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$1,164,739,169	\$2,347,503,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,967
Collective net pension liability	11,846,499,172	16,307,384,832
Authority's Proportion	.0517007610%	.0463069795%

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. 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 July 1, 2020 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-2021.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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, 2021) 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, 2021 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%	8.09%
Non-U.S. developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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, 2021. 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 100% 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 in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2021 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, 2021		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Authority's proportionate share of the pension liability	\$8,429,552	\$6,124,730	\$4,289,460

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, 2021
(Continued)

9. Other Post Employment Benefits (OPEB)

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

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division), annual financial statements, 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, 2021
(Continued)

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

Total OPEB Liability

At November 30, 2021, the Authority had a liability of \$17,735,724 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2021 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, 2021, the Authority's proportion was .098533 percent which was a decrease of .000316 percent from its proportion measured as of June 30, 2020.

For the year ended November 30, 2021, the Authority recognized OPEB expense of \$594,658. At November 30, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$397,968	\$3,710,575
Changes of assumptions	2,551,337	3,134,998
Net difference between projected and actual earnings on pension plan investments	8,480	
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>3,145,056</u>	<u>660,328</u>
Total	<u>\$6,102,841</u>	<u>\$7,505,901</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:	
2022	\$(1,058,987)
2023	(1,060,380)
2024	(1,061,653)
2025	(758,129)
2026	(127,447)
Thereafter	178,808

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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 7.82, 7.87, 8.05, 8.14 and 8.04 years for 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* 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, 2021
(Continued)

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

Discount Rate

The discount rate for June 30, 2021 and 2020 was 2.16% and 2.21%, 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, 2021		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Authority's proportionate share of Net OPEB liability	\$20,871,546	\$17,735,724	\$15,250,519

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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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:

	1%	June 30, 2021 Healthcare Cost	1%
	<u>Decrease</u>	<u>trend Rate</u>	<u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$14,797,567	\$17,735,724	\$21,569,656

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, and \$620,903 on the issue of the Series 2021 Solid Waste Revenue Bonds. At November 30, 2021, the balance which remains to be amortized over the life of the Bonds using the straight-line method is as follows:

<u>Solid Waste Facilities</u>	<u>Water Facilities</u>	<u>Total</u>
<u>\$784,997</u>	<u>\$335,966</u>	<u>\$1,120,963</u>

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, 2021
(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, 2021, the Authority reported a deficiency of \$4,788,481 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, 2021, cash and cash equivalents, investments and receivables of \$15,701,296 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:	\$1,225,225
Funded by:	
Cash, Cash Equivalents and Investments	<u>1,225,225</u>
Excess/(Deficit)	<u><u>-0-</u></u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

13. Reserves Required by Bond Resolution, (continued)

Future Debt Service Requirement:	3,045,400
Funded by:	
Insurance Policy with Assured Guarantee Municipal Corp.	3,045,400
Excess/(Deficit)	<u>-0-</u>
Renewal and Replacement Requirement:	1,369,770
Funded by:	
Cash, Cash Equivalents and Investments	1,369,770
Excess/(Deficit)	<u>-0-</u>
Current Debt Service Requirement:	2,437,803
Funded by:	
Cash, Cash Equivalents and Investments	2,437,803
Excess/(Deficit)	<u>-0-</u>

Solid Waste Facilities Fund:

The following cash reserves are required by the bond resolution:

Revenue Fund Requirement:	2,156,875
Funded by:	
Cash, Cash Equivalents and Investments	2,156,875
Excess/(Deficit)	<u>-0-</u>
Renewal and Replacement Requirement:	2,672,755
Funded by:	
Cash, Cash Equivalents and Investments	2,672,755
Excess/(Deficit)	<u>-0-</u>

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.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

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
2021	11,819,606	110,819 tons

On June 4, 2021, Governor Phil Murphy signed Executive Order No. 244 ending the 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 are unknown, however national delays in supply chains and inflationary factors have begun to affect the Authority's cost of providing services. The Authority will continue to monitor the situation closely.

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(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>
11-30-19	\$-0-	\$1,272	\$1,404	\$2,150	\$640,887
11-30-20	-0-	7,411	6,380	649	654,029
11-30-21	-0-	7,590	836	4,220	658,235

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

17. Designation of Unrestricted Net Position

As of November 30, 2021, the Authority's accounts maintain funds that, although may be spent for any lawful purpose by the Authority, have been designated by the Board for the following purposes and amounts:

	<u>Upper Wallkill Facilities</u>	<u>Solid Waste Facilities</u>	<u>Hampton Commons Facilities</u>	<u>Paulinskill Water Reclamation System</u>	<u>Wallkill Watershed Project</u>	<u>Total</u>
Workers Compensation	9,439					9,439
Vernon Twp. Rate Stabilization	260,204					260,204
Wallkill Watershed Projects					137,059	137,059
Appropriated in subsequent year's budget	<u>300,000</u>	<u>-----</u>	<u>20,000</u>	<u>25,000</u>	<u>-----</u>	<u>345,000</u>
	<u>569,643</u>	<u>-0-</u>	<u>20,000</u>	<u>25,000</u>	<u>137,059</u>	<u>751,702</u>

At November 30, 2021, the Authority reported a total amount of \$751,702 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, 2021 and 2020:

<u>2021</u>	<u>Upper Wallkill</u>	<u>Solid Waste</u>	<u>Hampton Commons</u>	<u>Paulinskill</u>	<u>Total</u>
Accrued OPEB Adjustments	(\$5,674,854)	(\$13,463,930)			(\$19,138,784)
Accrued Unfunded Pension Adjustments	(3,072,469)	(5,714,396)			(8,786,865)
Available for Use in Future Budgets	<u>6,387,993</u>	<u>9,831,956</u>	<u>191,897</u>	<u>422,928</u>	<u>16,834,774</u>
Total	<u>(\$2,359,330)</u>	<u>(\$9,346,370)</u>	<u>\$191,897</u>	<u>\$422,928</u>	<u>(\$11,090,875)</u>
<u>2020</u>	<u>Upper Wallkill</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>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2021
(Continued)

18. Subsequent Events

The Authority has evaluated subsequent events through January 4, 2023, the date which the financial statements were available to be issued and noted the following items for disclosure:

On February 16, 2022 the Authority approved Resolution No. 22-061 amending and supplementing the 2020 NJIB Note Resolution relating to its Leachate Pump Station and Force Main Project to increase the amount of notes authorized by \$2,000,000.

On March 16, 2022 the Authority approved Resolution No. 22-090 authorizing the issuance of an additional not to exceed \$4,000,000 County secured Solid Waste Revenue Bonds or Project Notes relating to its Landfill Expansion Project.

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*

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.0517007610%	0.0463069795%	0.0461641298%	0.0466565560%	0.0458961702%	0.0418126939%	0.0411544622%	0.0444666926%
Authority's proportionate share of the net pension liability (asset)	\$ 6,124,730	\$ 7,551,456	\$ 8,318,076	\$ 9,186,443	\$ 10,663,895	\$ 12,383,721	\$ 9,239,352	\$ 8,325,381
Authority's covered payroll - PERS	\$ 3,705,775	\$ 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	165.28%	207.49%	258.12%	281.52%	336.42%	392.69%	309.14%	294.76%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	59.32%	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*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 506,575	\$ 449,041	\$ 464,082	\$ 425,179	\$ 371,458	\$ 353,818	\$ 366,577	\$ 279,694
Contributions in relation to the contractually required contribution	\$ (506,575)	\$ (449,041)	\$ (464,082)	\$ (425,179)	\$ (371,458)	\$ (353,818)	\$ (366,577)	\$ (279,694)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll - PERS	\$ 3,705,775	\$ 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	13.67%	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, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

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

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

	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	0.098533%	0.098849%	0.083161%	0.085938%	0.087689%
Authority's proportionate share of the net OPEB liability (asset)	\$ 17,735,724	\$ 17,740,047	\$ 11,265,048	\$ 13,463,578	\$ 17,902,491
Authority's covered payroll	\$ 3,705,775	\$ 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	478.60%	487.43%	349.57%	412.60%	563.73%
Plan fiduciary net position as a percentage of the total OPEB liability	0.28%	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*

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 489,169	\$ 404,906	\$ 366,578	\$ 547,116	\$ 531,383
Contributions in relation to the contractually required contribution	(489,169)	(404,906)	(366,578)	(547,116)	(531,383)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 3,705,775	\$ 3,639,487	\$ 3,222,505	\$ 3,263,132	\$ 3,175,742
Contributions as a percentage of covered payroll	13.20%	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*

	2021	2020	2019	2018	2017
Total OPEB Liability:					
Service Cost	\$ 833,664	\$ 598,975	\$ 554,330	\$ 770,207	\$ 933,472
Interest	407,766	491,719	528,973	656,637	568,596
Changes of Benefit Terms	1,999	1,022	(1,583)		
Difference Between Expected and Actual Experience	(1,178,649)	535,274	(1,164,189)	(3,116,442)	(2,269,261)
Changes in Assumptions	334,190	3,039,576	(1,360,315)	(1,988,812)	(366,092)
Benefit Payments	(502,166)	(460,853)	(391,006)	(362,333)	46,989
Contributions - Members	42,675	37,114	35,967	46,395	
Change in Allocation	(57,232)	2,167,963	(443,795)	(361,215)	
Net Change in Total OPEB Liability	(117,753)	6,410,790	(2,241,618)	(4,355,563)	(1,086,296)
Total OPEB Liability - Beginning	17,903,012	11,492,222	13,733,840	18,089,403	19,175,699
Total OPEB Liability - Ending	17,785,259	17,903,012	11,492,222	13,733,840	18,089,403
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 320,328	\$ 289,039	\$ 288,082	\$ 361,966	\$ 334,808
Contributions - Non-Employer	37,223	34,609	36,470	46,018	46,532
Contributing Entities	42,675	37,114	35,967	46,395	46,989
Net Investment Income	198	2,825	4,014	1,994	694
Benefit Payments	(502,166)	(460,853)	(391,006)	(362,333)	(366,092)
Administrative Expense	(11,168)	(9,799)	(7,882)	(7,047)	(7,800)
Change in Allocation	(520)	42,856	(8,733)	(3,733)	
Net Change in Plan Fiduciary Net Position	(113,430)	(64,209)	(43,088)	83,260	55,131
Plan Fiduciary Net Position - Beginning	162,965	227,174	270,262	187,002	131,871
Plan Fiduciary Net Position - Ending	49,535	162,965	227,174	270,262	187,002
Authority's Net OPEB Liability	\$ 17,735,724	\$ 17,740,047	\$ 11,265,048	\$ 13,463,578	\$ 17,902,401

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
Note to Required Schedules of Supplementary Information
For the Fiscal Year Ended November 30, 2021

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, 2021

	Business-Type Activities Enterprise Funds							Total	Internal Service Fund
	Upper Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Wallkill Watershed Project			
Assets:									
Current Assets:									
Unrestricted:									
Cash and Cash Equivalents	7,157,588	11,341,463	202,673	446,226	4,646	128,642	19,281,238	323,668	
Accounts Receivable (Net)	368,287	451,904	7,763				827,954		
Prepaid Expenses	19,802	18,490	206	829		495	39,822	4,856	
Due from State of New Jersey		162,000					162,000		
Due from Central Services	88,496	156,022	3,815	3,815		19,347	271,495		
Total Unrestricted Current Assets:	7,634,173	12,129,879	214,457	450,870	4,646	148,484	20,582,509	328,524	

Restricted:									
Phase II Construction Account:									
Cash and Cash Equivalents	285,786	3,901,845					4,191,631		
Due from NJ Infrastructure Bank		20,193,250					20,193,250		
Due from Central Services	5,237						5,237		
Phase III Construction Account:									
Cash and Cash Equivalents	260,521						260,521		
Renewal and Replacement Account:									
Cash and Cash Equivalents	1,369,770	2,672,755	28,601	32,421			4,103,547		
Current Debt Service Accounts:									
Cash and Cash Equivalents	2,437,803			159,208			2,597,011		

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2021

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Walkkill Wastewater System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total		
Retained Percentages Account:	14,082	338,682				352,764		
Cash and Cash Equivalents								
Operations:								
Cash and Cash Equivalents	1,225,225	2,156,875				3,382,100		
Cell Closure Account:								
Cash and Cash Equivalents		1,836,411				1,836,411		
Due from NJ Infrastructure Bank		1,143,593				1,143,593		
Due from Central Services		6,770				6,770		
Due from Construction Fund		1,089,725				1,089,725		
Landfill Postclosure Account								
Cash and Cash Equivalents		159,616				159,616		
Investments		11,465,181				11,465,181		
Unemployment Trust Account							262,934	
Cash and Cash Equivalents							395,301	
Investments							658,235	
Total Restricted Current Assets:	5,602,424	44,964,703	191,629		50,787,357			
		28,601						
		243,058	642,499	4,646	148,484	71,369,866	986,759	
Total Current Assets	13,236,597	57,094,582	642,499	4,646	148,484	71,369,866	986,759	

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2021

	Business-Type Activities								Internal Service Fund
	Enterprise Funds								
	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total		
Non-Current Assets									
Capital Assets:									
Land	573,834	2,770,568	32,741	456,782			3,833,925		
Improvements	23,065,111	58,872,099					81,937,210		
Buildings	41,025,013	12,923,272	510,231	12,317,902			66,776,418		
Machinery and Equipment	12,555,762	10,771,888	764,817	386,388		6,214	24,485,069		
Accumulated Depreciation	(56,212,946)	(66,975,479)	(1,147,686)	(1,623,187)		(5,282)	(125,964,580)		
Construction in Progress	656,256	20,288,854					20,945,090		
Total Non-Current Assets	21,663,010	38,651,202	160,103	11,537,885		932	72,013,132		
Total Assets	34,899,607	95,745,784	403,161	12,180,384	4,646	149,416	143,382,998		986,759
Deferred Outflows of Resources:									
Deferred Outflows - PERS	355,992	866,892					1,222,884		
Deferred Outflows - OPEB	1,706,363	4,396,478					6,102,841		
Deferred Losses on Early Retirement of Debt	1,113,428						1,113,428		
Total Deferred Outflows of Resources	3,175,783	5,263,370					8,439,153		

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2021

	Business-Type Activities							Internal Service Fund
	Enterprise Funds							
	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total	
Liabilities:								
Current Liabilities:								
Payable from Unrestricted Assets:								
Payroll Taxes Payable	282,919	1,252,182	2,560	2,942		11,425	1,552,028	7,077
Accounts Payable	179,168	426,308					605,476	37,945
Accounts Payable - PERS								
Due to Other Funds								
Prepaid Sewer Charges					4,646		4,646	
Escrow Deposits Payable								
Bonds and Loans Payable - Current Portion		886,394					886,394	
Accrued Interest on Loans		77,848					77,848	
Total Current Liabilities Payable from Unrestricted Assets	462,087	2,642,752	2,560	2,942	4,646	11,425	3,126,392	328,524
Payable from Restricted Assets:								
Accounts Payable: Cell Closure		97,780					97,780	
Accounts Payable: Construction	585,966	2,136,947					2,722,913	
Retainage Payable	14,082	338,682					352,764	
Lease Payable		554,401					554,401	
Due to Cell Closure: Construction Bonds and Loans Payable - Current Portion		1,089,725					1,089,725	
Construction Loan Payable - NJ Infrastructure Bank	2,350,000			129,815			2,479,815	
Accrued Interest on Bonds	1,049,561	34,661,546		94,719			34,661,546	
Total Current Liabilities Payable from Restricted Assets	3,999,609	38,879,081		224,534			43,103,224	
Total Current Liabilities	4,461,696	41,521,813	2,560	227,476	4,646	11,425	46,229,616	328,524

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2021

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Walkhill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkhill Watershed Project	Total	
Non-Current Liabilities:								
Revenue and Revenue Refunding								
Bonds Payable	34,557,713	5,375,000						39,932,713
USDA Loans Payable				7,150,654				7,150,654
NJEIT Loans Payable		4,280,839						4,280,839
Loans Payable to County of Sussex:								
Planning Loan	324,949							324,949
Net Pension Liability	2,277,544	3,847,186						6,124,730
Net OPEB Liability	5,183,809	12,551,915						17,735,724
Accrued Liabilities - Closure and Postclosure Costs		20,391,997						20,391,997
Accrued Liabilities - Compensated Absences	214,450	541,585						756,035
Total Non-Current Liabilities	42,558,465	46,988,522		7,150,654				96,697,641
Total Liabilities	47,020,161	88,510,355	2,560	7,378,150	4,646	11,425		142,927,257
Deferred Inflows of Resources:								
Deferred Inflows - PERS	1,150,917	2,734,102						3,885,019
Deferred Inflows - OPEB	2,197,408	5,308,493						7,505,901
Bond Premium - Net	335,966	784,997						1,120,963
Total Deferred Inflows of Resources	3,684,291	8,827,592						12,511,883
Net Position:								
Net Investment in Capital Assets Restricted:	(14,822,612)	12,976,448	160,103	4,257,416		932		2,572,287
Current Debt Service Renewal and Replacement Operations	1,588,242	2,672,755	28,601	64,489				1,452,731
Landfill Cell Closure/Postclosure Unemployment Insurance	1,369,770	2,156,875		32,421				4,103,547
Unrestricted:	1,225,225	(4,788,481)						3,382,100
Designated								(4,788,481)
Undesignated	569,643	20,000	20,000	25,000		137,059		751,702
	(2,359,330)	(9,346,370)	191,897	422,928				(11,090,875)
Total Net Position	(12,629,062)	3,671,227	400,601	4,802,254		137,991		(3,616,989)
								658,235

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2021

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Walkkill Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total	
Operating Revenues								
User Charges	5,404,600		175,000	599,500				6,177,100
Treatment of Sludge, Seepage and Leachate	1,268,426							1,268,426
Operating and Maintenance Charges-Municipal	184,500							184,500
Tipping Fees		11,818,692						11,818,692
Recycling Markets		330,354						330,354
Connection Fees	497,023			5,423				502,446
Operating Grants		162,000				449,182		611,182
Finance Charges	12,069	1,561						13,630
Interest	520	644		28				1,192
Other	66,702	246,368	3,000					316,070
	7,453,840	12,559,619	176,000	604,951	-	449,182		21,223,592
Operating Expenses								
Administration, Operating, Maintenance and Reserves	4,156,548	7,779,519	162,040	239,143		417,891		12,755,141
Other						1,243		1,243
Depreciation Expense	2,436,071	2,231,799	19,732	340,425				5,028,270
	6,592,619	10,011,318	181,772	579,568		419,134		17,784,411
Operating Income	841,221	2,548,301	(5,772)	25,383		30,048		3,439,181
								1,482,208
								4,206
								1,477,988
								4,220
								1,486,414

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2021

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Wastewater System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Walkkill Watershed Project	Total		
Non-Operating Revenues (Expenses)								
Interest on Investments	91	207,940						208,031
Other Non-Operating Revenues								
Budget Approp. - Renewal and Replacement	30,000	500,000	14,000	12,000				556,000
Budget Approp. - Cell Closure		600,000						600,000
Budget Approp. - Vernon Rate Stabilization	13,777							13,777
Interest Expense	(289,968)	(131,730)		(190,262)				(611,960)
Accreted Interest on Capital Appreciation Bonds	(1,464,950)							(1,464,950)
Amortization of Bond Discount, Premiums	(58,864)							(23,466)
Investment Expenses		35,398						(104,447)
Debt Issuance Costs		(104,447)						(380,070)
Cell Closure Expenditures (Net)		(380,070)						(380,070)
Postclosure Expenditures (Net)		1,726,060						1,726,060
Gain on Disposal of Capital Assets	31,901	(5,503,673)						(5,503,673)
Vernon Rate Stabilization	(50,000)	30,090						61,991
								(50,000)
Total Non-Operating Revenues (Expenses)	(1,788,013)	(3,020,432)	14,000	(178,262)	-	(4,972,707)	-	(4,972,707)
Change in Net Position	(946,792)	(472,131)	8,228	(152,879)	-	30,048	4,206	(1,533,526)
Net Position - Beginning	(11,682,270)	4,143,358	392,373	4,955,133	-	107,943	-	(2,083,463)
Net Position - Ending	(12,629,062)	3,671,227	400,601	4,802,254	-	137,991	-	(3,616,989)

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2021

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Wastewater System	Upper Wastewater System	Hampton Commons Wastewater System	Paulinskill Water Reclamation System	Other Sewer Companies	Wallkill Watershed Project	Total	
Cash Flows from Operating Activities:								
Cash received from users	6,910,025	12,205,070	180,755	462,420	-	-	19,758,270	1,477,988
Other operating receipts	575,794	247,929	5,526	5,423	-	-	834,672	7,590
Interest Received	611	208,584	-	28	-	-	209,223	836
Operating grants received	(1,034,108)	162,000	-	-	-	449,182	611,182	(864,753)
Cash paid to employees	(537,720)	(2,438,348)	-	-	-	(233,651)	(3,726,107)	(426,333)
Cash paid for employee benefits		(1,335,218)	-	-	-	(101,652)	(1,994,590)	
Cash paid to suppliers and professional contractors	(2,611,889)	(4,210,877)	(162,238)	(246,984)	-	(75,298)	(7,307,286)	(212,935)
Cash paid for other operating expenses	(50,000)	(1,039,390)	-	(191,901)	-	-	(1,089,390)	
Interest paid	(179,831)	(80,882)	-	-	-	-	(452,614)	
Net Cash Provided by (Used in) Operating Activities	3,052,882	3,698,868	24,043	28,986	-	38,581	6,843,360	(17,607)
Cash Flows from Financing Activities:								
Bond Proceeds		5,375,000	-	-	-	-	5,375,000	
Received from NJ Infrastructure Bank		12,981,519	-	-	-	-	12,981,519	
Premiums Received		620,904	-	-	-	-	620,904	
Issuance Costs Paid		(110,945)	-	-	-	-	(110,945)	
Principal Payments on Debt	(2,235,000)	(876,393)	-	(126,515)	-	-	(3,237,908)	
Net Cash Provided by (Used in) Financing Activities	(2,235,000)	17,990,085	-	(126,515)	-	-	15,628,570	-

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2021

	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			
Cash Flows from Investing Activities:									
Capital Expenditures	(733,227)	(17,514,488)					(18,247,715)		
Proceeds from sale of assets	31,901	30,090					61,991		
Vernon Rate Stabilization Approp.	13,777						13,777		
Renewal and Replacement Approp.	30,000		14,000	12,000			56,000		
Cell Closure Approp.		600,000					600,000		
Investment Expenses		(104,447)					(104,447)		
Sales (purchases) of investments		(168,688)					(168,688)		(823)
Net Cash Provided by (Used in) Investing Activities	(657,549)	(16,657,533)	14,000	12,000	-	-	(17,289,082)	-	(823)
Net Increase (Decrease) in Cash and Cash Equivalents	160,333	5,031,420	38,043	(85,529)	-	38,581	5,182,848	-	(18,430)
Cash and Cash Equivalents-Beginning of Year	12,594,442	17,376,227	193,231	723,384	4,646	90,061	30,981,991	-	605,032
Cash and Cash Equivalents-End of Year	12,754,775	22,407,647	231,274	637,855	4,646	128,642	36,164,839	-	586,602
Classified As:									
Current Assets	7,157,588	11,341,463	202,673	446,226	4,646	128,642	19,281,238		323,668
Restricted Assets	5,597,187	11,066,184	28,601	191,629	-	-	16,883,601		262,934
	12,754,775	22,407,647	231,274	637,855	4,646	128,642	36,164,839	-	586,602

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2021

	Business-Type Activities Enterprise Funds							Internal Service Fund
	Upper Wastewater System	Solid Waste System	Hampton Commons Wastewater System	Paultonskill Water Reclamation System	Other Sewer Companies	Wastewater Project	Total	
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities								
Operating Income	841,221	2,548,301	(5,772)	25,383		30,048	3,439,181	4,206
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:								
Depreciation and Amortization	2,436,071	2,231,799	19,732	340,425		1,243	5,029,270	
Pension Adjustment - PERS	(273,159)	(649,371)					(922,530)	
OPEB Adjustment	31,647	73,842					105,489	
Interest Received on Non-Operating Investments	91	207,940					208,031	
Interest Paid	(179,831)	(80,882)		(191,901)			(452,614)	
Other Non-Operating Expenses	(50,000)	(1,039,390)					(1,089,390)	
Decrease (Increase) In:								
Accounts and Accrued Interest Receivable	52,499	56,024	7,755				116,278	
Due from Central Services	24,847	25,262	1,592	1,592		(628)	52,665	
Due from Solid Waste			2,526				2,526	
Prepaid Expenses	(184)	(218)	41	(37)		(14)	(412)	(134)
Increase (Decrease) In:								
Current Liabilities Payable from Unrestricted Assets	156,701	315,200	(1,831)	(146,476)		7,932	331,526	(21,679)
Non-Current Liabilities	12,979	10,361					23,340	
Net Cash Provided by (Used in) Operating Activities	3,052,882	3,698,868	24,043	28,986	-	38,581	6,843,360	(17,607)

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, 2021

	Invested in		Restricted		Total
	Unrestricted	Capital Assets	Current Debt Service	Renewal and Replacement	
Operating Revenue:					
User Charges - Sewer	5,404,600				5,404,600
Treatment of Sludge	88,051				88,051
Treatment of Septage	934,328				934,328
Treatment of Leachate	246,047				246,047
Operating and Maintenance Charges	184,500				184,500
Connection Fees	497,023				497,023
Other	66,702				66,702
Interest	520				520
Finance Charges	12,069				12,069
	<u>7,433,840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,433,840</u>
Operating Expenses:					
Cost of Providing Services	3,351,556				3,351,556
Administrative and General Expense	761,215				761,215
Reserves	43,777				43,777
Depreciation		2,436,071			2,436,071
	<u>4,156,548</u>	<u>2,436,071</u>	<u>0</u>	<u>0</u>	<u>6,592,619</u>
Operating Income	<u>3,277,292</u>	<u>(2,436,071)</u>	<u>0</u>	<u>0</u>	<u>841,221</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, 2021

	Restricted				Total
	Unrestricted	Invested in Capital Assets	Current Debt Service	Renewal and Replacement	
Non-Operating Revenue:					
Interest			91		91
Budget Appropriation - Reserve for Vernon Rate Stabilization	13,777				13,777
Budget Appropriation - R&R			30,000		30,000
Non-Operating Expenses:					
Interest Expense	(289,968)				(289,968)
Accretion		(1,464,950)			(1,464,950)
Renewal and Replacement Expenses		418,062		(418,062)	0
Vernon Rate Stabilization Expenses	(50,000)				(50,000)
Gain on Disposal of Capital Assets	31,901				31,901
Amortization		(58,864)			(58,864)
Net Income/(Loss) Before Contributions and Transfers	2,983,002	(3,541,823)	0	(387,971)	0
Contributions					0
Transfers:					
Bond Principal Payments	(2,235,000)	2,235,000			0
Other	(317,080)	252,592	638		0
Increase (Decrease) in Net Position	430,922	(1,054,231)	638	(387,971)	(946,792)
Net Position - December 1,	(2,220,609)	(13,768,381)	1,387,604	1,757,741	(11,682,270)
Net Position - November 30,	(1,789,687)	(14,822,612)	1,388,242	1,369,770	(12,629,062)
Designated	569,645				
Undesignated	(2,359,330)				
	(1,789,687)				

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, 2021

	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, 2020	1,564,478	232,240	400	1,757,741	296,427	352,359
Cash Receipts:						
User and Other Charges		7,386,349		92		19
Interest	63	240,493		30,000	13,777	7,408
Other		5,153,075				418,063
Transfers	7,774,294					
Total Cash Receipts	7,774,357	12,779,917	-	30,092	13,777	425,490
Cash and Investments Available	9,338,835	13,012,157	400	1,787,833	310,204	777,849
Cash Disbursements:						
Operations		5,103,475				
Bond Interest Payments				418,063	50,000	488,063
Bond Principal Payments	7,312,203	7,774,294				
Transfers				418,063	50,000	488,063
Total Cash Disbursements	7,312,203	12,877,769	-	418,063	50,000	488,063
Cash, Cash Equivalents and Investments - November 30, 2021	2,026,632	134,388	400	1,369,770	260,204	289,786
Analysis of Balances:						
Unrestricted	685,388	134,388	400	-	260,204	-
Restricted	1,341,244	-	-	1,369,770	-	289,786
	2,026,632	134,388	400	1,369,770	260,204	289,786
Cash and Cash Equivalents Investments	2,026,632	134,388	400	1,369,770	260,204	289,786
Analysis of Restricted Accounts:						
Debt Service	116,019					
Operations	1,225,225					
	1,341,244					

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, 2021

	Debt Service	Future Debt Service	Phase III Construction	General	Retainage	Total
Cash, Cash Equivalents and Investments - December 1, 2020	2,331,063	1	260,521	5,785,130	14,082	12,594,442
Cash Receipts:						
User and Other Charges						7,386,349
Interest	75			363		612
Other						291,678
Transfers	2,405,477			291,714		16,042,623
Total Cash Receipts	2,405,552	-	-	292,077	-	23,721,262
Cash and Investments Available	4,736,615	1	260,521	6,077,207	14,082	36,315,704
Cash Disbursements:						
Operations						5,103,475
Bond Interest Payments	179,831					179,831
Bond Principal Payments	2,235,000					2,235,000
Transfers						16,042,623
Total Cash Disbursements	2,414,831	-	-	-	-	23,560,929
Cash, Cash Equivalents and Investments - November 30, 2021	2,321,784	1	260,521	6,077,207	14,082	12,754,775
Analysis of Balance:						
Unrestricted	2,321,784	1	-	6,077,207	-	7,157,588
Restricted	-	-	260,521	-	14,082	5,597,187
Cash and Cash Equivalents Investments	2,321,784	1	260,521	6,077,207	14,082	12,754,775
	2,321,784	1	260,521	6,077,207	14,082	12,754,775

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, 2021**

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2020

	<u>FY 2021 Budget</u>	<u>FY 2021 Budget After Modifications</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
Revenues:				
Net Position Utilized	231,000	231,000	231,000	
User Charges - Sewer	5,404,600	5,404,600	5,404,600	5,331,098
Treatment of Sludge	85,000	85,000	88,051	103,307
Treatment of Septage	780,000	780,000	934,328	910,642
Treatment of Leachate	250,000	250,000	246,047	246,721
Connection Fees	180,000	180,000	497,023	587,407
Operating and Maintenance Charges to Municipalities	198,000	198,000	184,500	176,500
Other	27,000	27,000	66,702	23,452
Interest Income from Operating Investments	81,000	81,000	520	28,787
Finance Charges			12,069	16,755
Total Operating Revenue	<u>7,236,600</u>	<u>7,236,600</u>	<u>7,664,840</u>	<u>7,424,669</u>
Expenses:				
Cost of Providing Services:				
(1) Salaries, Operating Staff	1,220,000	1,220,000	1,034,108	957,263
(2) Fringe Benefits, Operating Staff	581,800	581,800	432,208	388,197
(2) PERS	115,000	115,000	125,512	97,882
(3) Utilities	370,000	370,000	409,804	382,613
(4) Motor Vehicles & Equipment	15,000	15,000	12,521	7,456
(5) Stationary Equipment	47,000	47,000	30,931	34,578
(6) Electrical Equipment/Repair	20,000	20,000	24,313	18,020
(7) Insurance, Plant Operations	240,000	240,000	230,628	235,221
(8) Testing Services	13,600	13,600	13,064	7,783
(10) Outside Services	1,028,000	1,028,000	1,132,793	808,074
(11) Safety Equipment	6,000	6,000	3,764	3,176
(12) Chemicals & Wood Chips	68,000	68,000	59,485	93,777
(13) Miscellaneous Plant Supplies	14,000	14,000	7,284	10,846
(14) Taxes and Fees	57,594	57,594	56,616	54,736
(15) Laboratory Supplies	11,400	11,400	9,713	13,082
(16) Custodial Supplies	4,000	4,000	2,873	2,165
(17) Purchases Related to Operating and Maintenance Services	12,000	12,000	7,451	9,881
Subtotal Cost of Providing Services	<u>3,823,394</u>	<u>3,823,394</u>	<u>3,593,068</u>	<u>3,124,750</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, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2020**

	FY 2021 Budget	FY 2021 Budget After Modifications	FY 2021 Actual	FY 2020 Actual
Administrative Expenses:				
Seminars and Dues	12,000	12,000	9,882	10,049
Indirect Administrative Expenses	667,000	667,000	617,101	586,846
Engineering Consulting Fees	24,000	24,000	23,764	24,322
Trustee Fees	10,000	10,000	5,000	5,000
Auditing/Accounting Fees			781	
General Legal Fees	17,000	17,000	97,942	28,019
Office Supplies	2,000	2,000	2,369	2,420
Printing	200	200	195	
Travel & Expenses, Administrative Staff	500	500		179
General Advertising	900	900	546	988
Personal Services	5,000	5,000	3,504	5,754
COVID-19 Expenses			131	811
Subtotal Administrative Expenses	738,600	738,600	761,215	664,388
Capital Outlay	84,000	84,000	-	-
Reserves:				
Renewal and Replacement	30,000	30,000	30,000	175,000
Vernon Rate Stabilization	35,000	35,000	13,777	11,104
Subtotal Reserves	65,000	65,000	43,777	186,104
Debt Service:				
Interest Expense	1,137,306	1,137,306	289,968 (1)	315,353
Bond Principal	1,388,300	1,388,300	1,388,300	1,387,700
Subtotal Debt Service	2,525,606	2,525,606	1,678,268	1,703,053
Total Costs Funded by Operating Revenues	7,236,600	7,236,600	6,076,328	5,678,295

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

UPPER WALLKILL FACILITIES FUND
SCHEDULE OF OPERATING REVENUES AND COST
FUNDED BY OPERATING REVENUES COMPARED TO
BUDGET YEAR ENDED NOVEMBER 30, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2020

	<u>FY 2021</u> <u>Budget</u>	<u>FY 2021</u> <u>Budget After</u> <u>Modifications</u>	<u>FY 2021</u> <u>Actual</u>	<u>FY 2020</u> <u>Actual</u>
Excess or (Deficit) in Actual Revenues and Expenses			1,588,512	1,746,374
Reconciliation of Budgetary Basis To Change in Net Position:				
Depreciation			(2,436,071)	(2,576,808)
Amortization of:				
Deferred Gains/Losses on Early Extinguishment of Debt			(80,566)	(80,566)
Bond Premiums			21,702	21,702
Net Position Utilized			(231,000)	
Gain on Disposal of Capital Assets			31,901	
Accreted Interest - Capital Appreciation Bonds			(1,464,950)	(1,484,928)
Adjustment for Pension Expense			273,159	20,273
Adjustment for OPEB Expense			(31,647)	(40,577)
Interest on Non-Operating Investments			91	7,421
Other Non-Operating Revenues			30,000	175,000
Other Non-Operating Expenses			(50,000)	(40,000)
Vernon Rate Stabilization			13,777	11,104
Bond Principal Payments			1,388,300	1,387,700
			<u>(2,535,304)</u>	<u>(2,599,679)</u>
Change in Net Position			<u>(946,792)</u>	<u>(853,305)</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALLKILL FACILITIES FUND
SCHEDULE OF REVENUE BONDS PAYABLE
NOVEMBER 30, 2021

<u>Description</u>	<u>Original Issue</u>		<u>Maturities</u>			<u>Balance</u> <u>Dec. 1, 2020</u>	<u>Issued</u> <u>2020-2021</u>	<u>Accreted</u> <u>Principal</u>	<u>Paid or</u> <u>Refunded</u> <u>2020-2021</u>	<u>Balance</u> <u>Nov. 30, 2021</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Rate</u>	<u>Amount</u>					
2008 Wastewater Revenue Bonds (Series B)	09/15/08	23,403,738	12/01/21	4.690%	2,100,000					
			12/01/22	4.790%	1,998,127					
			12/01/23	4.850%	2,380,532					
			12/01/24	4.910%	2,265,174					
			12/01/25	4.970%	2,152,854					
			12/01/26	5.030%	2,043,731					
			12/01/27	5.090%	1,937,857					
			12/01/28	5.150%	1,835,336					
			12/01/29	5.200%	1,737,558					
			12/01/30	5.260%	1,641,954					
			12/01/31	5.310%	1,551,302					
			12/01/32	5.360%	1,573,219					
			12/01/33	5.390%	1,484,298					
			12/01/34	5.410%	1,403,848					
					26,826,361		1,274,429	1,995,000		26,105,790

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALKILL FACILITIES FUND
SCHEDULE OF REVENUE BONDS PAYABLE
NOVEMBER 30, 2021

<u>Description</u>	<u>Original Issue</u>		<u>Maturities</u>		<u>Balance</u> <u>Dec. 1, 2020</u>	<u>Issued</u> <u>2020-2021</u>	<u>Accreted</u> <u>Principal</u>	<u>Paid or</u> <u>Refunded</u> <u>2020-2021</u>	<u>Balance</u> <u>Nov. 30, 2021</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Rate</u>					
2012 Wastewater Revenue Refunding Bonds	07/11/12	3,165,000	12/01/21	4.000%	130,000				
			12/01/22	4.000%	135,000				
			12/01/23	3.125%	140,000				
			12/01/24	3.125%	145,000				
			12/01/25	3.125%	150,000				
			12/01/26	3.375%	155,000				
			12/01/27	3.375%	160,000				
			12/01/28	3.375%	165,000				
			12/01/29	3.625%	170,000				
			12/01/30	3.625%	175,000				
			12/01/31	3.625%	185,000				
					1,835,000			125,000	1,710,000

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
UPPER WALLKILL FACILITIES FUND
SCHEDULE OF REVENUE BONDS PAYABLE
NOVEMBER 30, 2021

Description	Original Issue		Maturities		Balance Dec. 1, 2020	Issued 2020-2021	Accreted Principal	Paid or Refunded 2020-2021	Balance Nov. 30, 2021
	Date	Amount	Date	Rate					
Wastewater Revenue Refunding Bonds - Series 2016A	05/11/16	3,390,000	12/01/21	3.000%	120,000				
			12/01/22	4.000%	120,000				
			12/01/23	4.000%	125,000				
			12/01/24	4.000%	125,000				
			12/01/25	4.000%	130,000				
			12/01/26	4.000%	140,000				
			12/01/27	4.000%	145,000				
			12/01/28	4.000%	150,000				
			12/01/29	4.000%	155,000				
			12/01/30	4.000%	165,000				
			12/01/31	4.000%	170,000				
			12/01/32	4.000%	175,000				
			12/01/33	4.000%	180,000				
		12/01/34	4.000%	190,000					
		12/01/35	4.000%	195,000					
		12/01/36	3.000%	205,000					
		12/01/37	3.000%	210,000					
		12/01/38	3.000%	220,000					
		12/01/39	3.000%	225,000					
					3,260,000				115,000
									3,145,000
Wastewater Revenue Refunding Bonds - Series 2016B	05/11/16	4,975,058	12/01/35	3.190%	1,287,310				
			12/01/36	3.250%	1,236,223				
			12/01/37	3.000%	1,187,622				
			12/01/38	3.300%	1,137,908				
			12/01/39	3.360%	1,097,860				
					5,756,402				190,521
									5,946,923
					37,677,763			2,235,000	36,907,713
									2,350,000
									34,557,713
									36,907,713
									36,907,713
									36,907,713

Current Portion
Long-Term Portion

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, 2021

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Restricted Renewal and Replacement</u>	<u>Total</u>
Operating Revenue:				
Sewer Charges	173,000			173,000
	<u>173,000</u>	-	-	<u>173,000</u>
Operating Expenses:				
Operating, Maintenance and Reserves	162,040			162,040
Depreciation		19,732		19,732
	<u>162,040</u>	<u>19,732</u>	-	<u>181,772</u>
Operating Income	10,960	(19,732)	-	(8,772)
Non-Operating Revenue/(Expenses):				
Budget Appropriation			14,000	14,000
Miscellaneous Revenue	3,000			3,000
Increase (Decrease) in Net Position	13,960	(19,732)	14,000	8,228
Net Position - December 1,	<u>197,937</u>	<u>179,835</u>	<u>14,601</u>	<u>392,373</u>
Net Position - November 30,	<u><u>211,897</u></u>	<u><u>160,103</u></u>	<u><u>28,601</u></u>	<u><u>400,601</u></u>
Designated	20,000			
Undesignated	<u>191,897</u>			
	<u><u>211,897</u></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, 2021

	Revenue Operating Account	Renewal and Replacement Account	Total
Cash, Cash Equivalents and Investments- December 1, 2020	178,630	14,601	193,231
Cash Receipts:			
Sewer Charges	180,755		180,755
Other	11,026		11,026
Transfers		14,000	14,000
Total Cash Receipts	<u>191,781</u>	<u>14,000</u>	<u>205,781</u>
Total Cash And Investments Available	<u>370,411</u>	<u>28,601</u>	<u>399,012</u>
Cash Disbursements:			
Operating and Maintenance Costs	153,738		153,738
Transfers	14,000		14,000
Total Cash Disbursements	<u>167,738</u>	<u>-</u>	<u>167,738</u>
Cash, Cash Equivalents and Investments- November 30, 2021	<u>202,673</u>	<u>28,601</u>	<u>231,274</u>
Analysis of Balance:			
Unrestricted	202,673	-	202,673
Restricted	-	28,601	28,601
	<u>202,673</u>	<u>28,601</u>	<u>231,274</u>
Cash and Cash Equivalents	202,673	28,601	231,274
Investments	-	-	-
	<u>202,673</u>	<u>28,601</u>	<u>231,274</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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2020**

	FY 2021 <u>Budget</u>	FY 2021 <u>Budget After Modification</u>	FY 2021 <u>Actual</u>	FY 2020 <u>Actual</u>
Revenue:				
Net Position Utilized	9,500	9,500	9,500	7,500
Service Agreements (Hampton Commons Homeowners Association) (Lowe's)	141,949 31,051	141,949 31,051	141,949 31,051	141,877 31,035
Interest on Investments and Deposits	1,000	1,000		
Miscellaneous			3,000	
Total Operating Revenue	<u>183,500</u>	<u>183,500</u>	<u>185,500</u>	<u>180,412</u>
Expenses:				
Operating and Maintenance				
(1) Payment to Upper Wallkill for Operating and Maintenance Services	53,600	53,600	53,600	52,500
(2) Utilities	15,900	15,900	14,906	13,979
(3) Outside Services	15,000	15,000	9,657	9,915
(4) Testing Services	5,500	5,500	6,514	7,278
(5) Engineering Fees	4,500	4,500	820	2,508
(6) Legal Fees	2,000	2,000		
(7) Plant Supplies	700	700		
(8) Chemicals	3,000	3,000	1,154	2,250
(9) Electrical and Mechanical Equipment Repair	400	400		
(10) Equipment/Stationary	7,000	7,000	4,091	6,720
(11) Laboratory Supplies	1,400	1,400	1,072	1,167
(12) Insurance	2,500	2,500	2,416	2,963
(13) Safety Equipment	800	800		349
(14) Taxes and Fees	6,000	6,000	6,625	5,715
(15) Printing Expenses	200	200		123
(16) Indirect Administration, Legal and Fiscal Expenses	51,000	51,000	47,185	44,593
Total Operating and Maintenance Expenses	<u>169,500</u>	<u>169,500</u>	<u>148,040</u>	<u>150,060</u>
Renewal and Replacement	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>
	<u>183,500</u>	<u>183,500</u>	<u>162,040</u>	<u>164,060</u>
Excess or (Deficit) in Actual Revenues and Expenses			23,460	16,352
Reconciliation of Budgetary Basis To Change in Net Position:				
Net Position Utilized			(9,500)	(7,500)
Depreciation			(19,732)	(17,470)
Gain on Disposal of Capital Assets				2,526
Renewal and Replacement (Net)			14,000	14,000
			<u>(15,232)</u>	<u>(8,444)</u>
Change in Net Position			<u>8,228</u>	<u>7,908</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, 2021

	Unrestricted		Restricted		Total
	Invested in Capital Assets	Renewal and Replacement	Operations	Landfill Cell Closure/ Postclosure	
Operating Revenues:					
Tipping Fees	11,818,692				11,818,692
Recycle Markets	330,354				330,354
Operating Grant	162,000				162,000
Interest from Users	1,561				1,561
Landfill Gas Sales	205,129				205,129
Interest on Operating Investments	644				644
Miscellaneous	41,239				41,239
	12,559,619	0	0	0	12,559,619
Operating Expenses:					
Administration, Operations, Maintenance and Reserves	7,779,519				7,779,519
Depreciation	2,231,799				2,231,799
	7,779,519	0	0	0	10,011,318
	4,780,100	0	0	0	2,548,301
Operating Income					
Non-Operating Revenues / (Expenses):					
Interest Income		136			207,940
Budget Appropriation		500,000			1,100,000
Investment Expenses	(69,607)				(104,447)
Gain on Disposal of Equipment	30,090				30,090
Interest Expense	(131,730)				(131,730)
Cell Closure Expenditures (Net)				1,628,280	1,726,060
Postclosure Expenditures (Net)				(5,303,673)	(5,303,673)
Renewal & Replacement Expenditures		(520,409)			0
Debt Issuance Costs	(380,070)				(380,070)
Amortization		35,398			35,398
	4,228,783	(20,273)	0	(3,102,429)	(472,131)
Income or (Loss) Before Transfers					
Transfers:					
Capital Outlay	(21,119)				0
Bond Principal Payments	(876,393)				0
Other	(683,804)		(70,750)	54,459	0
	2,647,467	(20,273)	(70,750)	(3,041,970)	(472,131)
Increase/(Decrease) in Net Position					
Net Position - December 1,	(11,993,837)	2,693,028	2,227,625	(1,740,511)	4,145,358
Net Position - November 30,	(9,346,370)	2,672,755	2,156,875	(4,788,481)	3,671,227
	0				
Designated	(9,346,370)				
Undesignated	(9,346,370)				

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, 2021

	Trustee Revenue Account	Revenue Operating Account	Petty Cash	General Fund
Cash, Cash Equivalents and Investments - December 1, 2020	982,123	1,407,997	2,350	9,696,536
Cash Receipts:				
Solid Waste Revenues		12,244,882		
Interest on Investments	36			530
Budget Appropriation				
Landfill Gas Purchase		205,129		
Operating Grant		162,000		
NJ Infrastructure Trust				
Bond Proceeds				
Other		182,337		
Transfers	13,083,615	8,852,789		4,719,687
Total Cash Receipts	<u>13,083,651</u>	<u>21,647,137</u>	<u>-</u>	<u>4,720,217</u>
Cash and Investments Available	<u>14,065,774</u>	<u>23,055,134</u>	<u>2,350</u>	<u>14,416,753</u>
Cash Disbursements:				
Operations		9,040,535		
Project Expenses				
Loan Principal Payments				
Loan Interest Payments				
Other				
Transfers	12,698,820	13,083,615		3,184,798
Total Cash Disbursements	<u>12,698,820</u>	<u>22,124,150</u>	<u>-</u>	<u>3,184,798</u>
Cash, Cash Equivalents and Investments - November 30, 2021	<u>1,366,954</u>	<u>930,984</u>	<u>2,350</u>	<u>11,231,955</u>
Analysis of Balance:				
Unrestricted	1,333,049	930,984	2,350	9,075,080
Restricted	33,905	-	-	2,156,875
	<u>1,366,954</u>	<u>930,984</u>	<u>2,350</u>	<u>11,231,955</u>
Cash and Cash Equivalents Investments	<u>1,366,954</u>	<u>930,984</u>	<u>2,350</u>	<u>11,231,955</u>
Analysis of Restricted Accounts:				
Operations	-			2,156,875
Cell Closure	33,905			-
	<u>33,905</u>			<u>2,156,875</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, 2021

	Construction	Renewal and Replacement	Planning Fund	Retained Percentages
Cash, Cash Equivalents and Investments - December 1, 2020	103,127	2,693,028	54,459	7,437
Cash Receipts:				
Solid Waste Revenues				
Interest on Investments	79	136		
Budget Appropriation		500,000		
Landfill Gas Purchase				
Operating Grant				
NJ Infrastructure Trust	7,239,538			
Bond Proceeds	5,863,653			
Other	21,305			331,245
Transfers	520,409			
Total Cash Receipts	<u>13,644,984</u>	<u>500,136</u>	<u>-</u>	<u>331,245</u>
Cash and Investments Available	<u>13,748,111</u>	<u>3,193,164</u>	<u>54,459</u>	<u>338,682</u>
Cash Disbursements:				
Operations				
Project Expenses	8,009,364			
Loan Principal Payments				
Loan Interest Payments				
Other				
Transfers	1,836,902	520,409	54,459	
Total Cash Disbursements	<u>9,846,266</u>	<u>520,409</u>	<u>54,459</u>	<u>-</u>
Cash, Cash Equivalents and Investments - November 30, 2021	<u>3,901,845</u>	<u>2,672,755</u>	<u>-</u>	<u>338,682</u>
Analysis of Balance:				
Unrestricted	-	-	-	-
Restricted	3,901,845	2,672,755	-	338,682
	<u>3,901,845</u>	<u>2,672,755</u>	<u>-</u>	<u>338,682</u>
Cash and Cash Equivalents	3,901,845	2,672,755	-	338,682
Investments	-	-	-	-
	<u>3,901,845</u>	<u>2,672,755</u>	<u>-</u>	<u>338,682</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, 2021

	Debt Service Fund	Cell Closure Account	Landfill Postclosure Account	Total
Cash, Cash Equivalents and Investments - December 1, 2020	-	2,384,011	11,341,652	28,672,720
Cash Receipts:				
Solid Waste Revenues				12,244,882
Interest on Investments			207,804	208,585
Budget Appropriation		600,000		1,100,000
Landfill Gas Purchase				205,129
Operating Grant				162,000
NJ Infrastructure Trust		5,741,981		12,981,519
Bond Proceeds				5,863,653
Other		9,624	110,182	654,693
Transfers	963,246	3,239,257		31,379,003
Total Cash Receipts	<u>963,246</u>	<u>9,590,862</u>	<u>317,986</u>	<u>64,799,464</u>
Cash and Investments Available	<u>963,246</u>	<u>11,974,873</u>	<u>11,659,638</u>	<u>93,472,184</u>
Cash Disbursements:				
Operations				9,040,535
Project Expenses				8,009,364
Loan Principal Payments	876,393			876,393
Loan Interest Payments	80,883			80,883
Other	5,970	10,172,367	34,841	10,213,178
Transfers				31,379,003
Total Cash Disbursements	<u>963,246</u>	<u>10,172,367</u>	<u>34,841</u>	<u>59,599,356</u>
Cash, Cash Equivalents and Investments - November 30, 2021	<u>-</u>	<u>1,802,506</u>	<u>11,624,797</u>	<u>33,872,828</u>
Analysis of Balance:				
Unrestricted	-	-	-	11,341,463
Restricted	-	1,802,506	11,624,797	22,531,365
	<u>-</u>	<u>1,802,506</u>	<u>11,624,797</u>	<u>33,872,828</u>
Cash and Cash Equivalents	-	1,802,506	159,616	22,407,647
Investments	-	-	11,465,181	11,465,181
	<u>-</u>	<u>1,802,506</u>	<u>11,624,797</u>	<u>33,872,828</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY**SOLID WASTE FACILITIES FUND
SCHEDULE OF OPERATING REVENUES****COMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2020**

	<u>FY 2021 Budget</u>	<u>FY 2021 Budget after Modifications</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
Revenue:				
Tipping Fees	10,625,000	10,625,000	11,818,692	11,699,545
Gross Sales on Recycle Markets			330,354	147,325
Interest on Investment and Deposits	90,000	90,000	644	38,298
Interest from Users			1,561	3,137
Operating Grant	120,000	120,000	162,000	162,000
Landfill Gas Sales	139,000	139,000	205,129	255,438
Miscellaneous			41,239	23,332
Total Revenue	<u>10,974,000</u>	<u>10,974,000</u>	<u>12,559,619</u>	<u>12,329,075</u>
Expenses:				
Operating and Maintenance (LF)				
(1) Salaries	2,630,000	2,630,000	2,458,348	2,342,943
(2) Benefits	1,268,000	1,268,000	1,064,647	1,018,633
(2) PERS	292,000	292,000	270,571	249,910
(3) Personnel Services	28,500	28,500	29,915	27,957
(4) Engineering and Consulting	139,000	139,000	95,309	150,792
(5) Legal Fees	25,000	25,000	13,492	9,966
(6) Indirect Administrative	667,000	667,000	617,101	586,846
(7) Trustee and Banking Fees	8,000	8,000	7,470	7,053
(8) Insurance	225,000	225,000	215,297	219,084
(9) Auditing/Accounting Fees	3,000	3,000	3,500	3,500
(10) Seminars and Dues	11,000	11,000	10,756	9,909
(11) Travel and Expenses	1,400	1,400	408	
(12) Office Supplies	9,000	9,000	9,867	7,756
(14) Advertising	4,000	4,000	6,001	3,618
(15) Printing	6,000	6,000	4,806	6,827
(16) Postage	200	200	89	
(17) Publications and Subscriptions	1,000	1,000	1,704	849
(18) Custodial Supplies	9,000	9,000	9,332	8,014
(19) Safety Equipment	15,000	15,000	14,780	14,815
(20) Chemicals/Supplies	79,500	79,500	46,410	68,893
(21) Plant Supplies	30,000	30,000	18,757	14,504
(22) Testing Services	45,000	45,000	69,699	39,304
(23) Outside Services	203,000	203,000	158,442	141,887
(24) Utilities	409,000	409,000	321,115	252,248
(25) Motor Vehicles and Equipment	545,000	545,000	204,539	198,958
(26) Equipment/Stationary	33,000	33,000	27,735	27,061
(27) Electrical Equipment/Repairs	73,000	73,000	42,641	35,927
(28) Leachate Disposal	250,000	250,000	246,047	246,721
(29) Recycling Services	63,000	63,000	63,974	78,335
(30) Landfill Gas System	73,100	73,100	48,994	55,280
(31) Host Community Benefit Payments	525,000	525,000	542,182	533,117
(32) Special Accounts	105,000	105,000	110,928	109,502
(33) Taxes and Fees	579,800	579,800	519,995	516,522
COVID-19 Expenses			197	11,646
	<u>8,355,500</u>	<u>8,355,500</u>	<u>7,255,048</u>	<u>6,998,377</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITYSOLID WASTE FACILITIES FUNDSCHEDULE OF OPERATING REVENUESCOMPARED TO BUDGET, YEAR ENDED NOVEMBER 30, 2021WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED NOVEMBER 30, 2020

	<u>FY 2021 Budget</u>	<u>FY 2021 Budget after Modifications</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
Capital Outlay	<u>555,000</u>	<u>555,000</u>	<u>21,119</u>	<u>589,805</u>
Debt Service:				
Bond Principal	876,500	876,500	876,500	866,400
Interest on Bonds	<u>87,000</u>	<u>87,000</u>	<u>131,730</u>	<u>83,088</u>
	<u>963,500</u>	<u>963,500</u>	<u>1,008,230</u>	<u>949,488</u>
Reserves:				
Renewal and Replacement	500,000	500,000	500,000	500,000
Post Closure Care Fund	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>300,000</u>
	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>800,000</u>
Total Solid Waste Appropriations	<u>10,974,000</u>	<u>10,974,000</u>	<u>9,384,397</u>	<u>9,337,670</u>
Excess or Deficit in Actual Revenues and Expenses			3,175,222	2,991,405
Reconciliation of Budgetary Basis To Change in Net Position:				
Depreciation Expense			(2,231,799)	(2,101,741)
Amortization			35,398	28,499
Debt Issuance Costs			(380,070)	(74,059)
Gain on Disposal of Equipment			30,090	185,387
Adjustment to Pension Expense			649,371	31,442
Adjustment for OPEB Expense			(73,842)	(104,340)
Interest on Non-Operating Investments			207,940	192,044
Investment Expenses			(104,447)	(113,194)
Net Closure/Postclosure Care Expenses			(3,777,613)	(2,153,971)
Capital Outlay			21,119	589,805
Budget Appropriation - Renewal & Replacement			500,000	500,000
Budget Appropriation - Cell Closure			600,000	300,000
Bond Principal Payments			<u>876,500</u>	<u>866,400</u>
Change in Net Position			<u>(472,131)</u>	<u>1,137,677</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

SOLID WASTE FACILITIES FUND
SCHEDULE OF BONDS AND LOANS PAYABLE
NOVEMBER 30, 2021

Description	Original Issue		Date	Interest Rate	Amount	Balance Dec. 1, 2020	Issued	Refunded or Paid	Balance Nov. 30, 2021
	Date	Amount							
New Jersey Environmental Infrastructure Trust - Trust Loan Series 2018A-1	05/22/18	1,990,000	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	1,620,000		200,000	1,420,000
New Jersey Environmental Infrastructure Trust - Fund Loan Series 2018A-1	05/22/18	6,538,469	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	4,423,626		676,393	3,747,233
			08/01/27	0.000%	139,802				

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SOLID WASTE FACILITIES FUND
SCHEDULE OF BONDS AND LOANS PAYABLE
NOVEMBER 30, 2021

Description	Original Issue		Date	Interest Rate	Amount	Balance		Issued	Refunded or Paid	Balance Nov. 30, 2021
	Date	Amount				Dec. 1, 2020	Nov. 30, 2021			
Solid Waste Revenue Bonds Series 2021	08/17/21	5,375,000	12/01/22	3.000%	60,000					
			12/01/23	3.000%	110,000					
			12/01/24	4.000%	115,000					
			12/01/25	4.000%	120,000					
			12/01/26	4.000%	120,000					
			12/01/27	4.000%	125,000					
			12/01/28	4.000%	130,000					
			12/01/29	4.000%	140,000					
			12/01/30	4.000%	145,000					
			12/01/31	4.000%	150,000					
			12/01/32	3.000%	155,000					
			12/01/33	3.000%	160,000					
			12/01/34	3.000%	165,000					
			12/01/35	3.000%	170,000					
			12/01/36	3.000%	175,000					
			12/01/37	3.000%	180,000					
			12/01/38	3.000%	185,000					
			12/01/39	3.000%	190,000					
			12/01/40	3.000%	195,000					
			12/01/41	3.000%	200,000					
		12/01/42	3.000%	210,000						
		12/01/43	3.000%	215,000						
		12/01/44	3.000%	220,000						
		12/01/45	3.000%	225,000						
		12/01/46	3.000%	235,000						
		12/01/47	3.000%	240,000						
		12/01/48	3.000%	250,000						
		12/01/49	3.000%	255,000						
		12/01/50	3.000%	265,000						
		12/01/51	3.000%	270,000			5,375,000			5,375,000
GRAND TOTAL						6,043,626	5,375,000	876,393		10,542,233
						876,393	5,167,233			886,394
							6,043,626			9,655,839
										10,542,233

Current Portion
Long-Term Portion

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

OTHER SEWER COMPANIES
STATEMENT OF NET POSITION
FOR THE YEAR ENDED NOVEMBER 30, 2021

	<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, 2021

	Unrestricted	Invested in Capital Assets	Restricted		Total
			Renewal and Replacement	Debt Service	
Operating Revenue:					
User Charges	599,500				599,500
Interest on Investments	21		1	6	28
Connection Fees	5,423				5,423
	<u>604,944</u>	<u>-</u>	<u>1</u>	<u>6</u>	<u>604,951</u>
Operating Expenses:					
Operating, Maintenance and Reserves	239,143				239,143
Depreciation		340,425			340,425
	<u>239,143</u>	<u>340,425</u>	<u>-</u>	<u>-</u>	<u>579,568</u>
Operating Income	365,801	(340,425)	1	6	25,383
Non-Operating Revenue/(Expenses):					
Budget Appropriation			12,000		12,000
Interest Expense	(190,262)				(190,262)
Income/(Loss) Before Contributions and Transfers	175,539	(340,425)	12,001	6	(152,879)
Transfers:					
Other	(1,633)			1,633	-
Bond Principal Payment	(126,515)	126,515			-
Increase (Decrease) in Net Position	47,391	(213,910)	12,001	1,639	(152,879)
Net Position - December 1,	<u>400,537</u>	<u>4,471,326</u>	<u>20,420</u>	<u>62,850</u>	<u>4,955,133</u>
Net Position - November 30,	<u>447,928</u>	<u>4,257,416</u>	<u>32,421</u>	<u>64,489</u>	<u>4,802,254</u>
Designated	25,000				
Undesignated	422,928				
	<u>447,928</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, 2021

	Depository Account	Revenue Fund	Operating Fund	Bond Service Fund	Renewal & Replacement Fund	Total
Cash, Cash Equivalents and Investments- December 1, 2020	5,000	491,269	47,485	159,210	20,420	723,384
Cash Receipts:						
Interest on Investments		21		6	1	28
User Charges	462,419					462,419
Connection Fees	5,423					5,423
Budget Appropriation					12,000	12,000
Other	5,780					5,780
Transfers		473,622	252,613	318,416		1,044,651
Total Cash Receipts	473,622	473,643	252,613	318,422	12,001	1,530,301
Total Cash And Investments Available	478,622	964,912	300,098	477,632	32,421	2,253,685
Cash Disbursements:						
Expenses			252,763			252,763
Principal Payments				126,515		126,515
Interest Payments				191,901		191,901
Transfers	473,622	571,029				1,044,651
Total Cash Disbursements	473,622	571,029	252,763	318,416	-	1,615,830
Cash, Cash Equivalents and Investments- November 30, 2021	5,000	393,883	47,335	159,216	32,421	637,855
Analysis of Balance:						
Unrestricted	5,000	393,883	47,335	8	-	446,226
Restricted	-	-	-	159,208	32,421	191,629
	5,000	393,883	47,335	159,216	32,421	637,855
Cash and Cash Equivalents	5,000	393,883	47,335	159,216	32,421	637,855
Investments	-	-	-	-	-	-
	5,000	393,883	47,335	159,216	32,421	637,855

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, 2021
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED NOVEMBER 30, 2020**

	<u>FY 2021 Budget</u>	<u>FY 2021 Budget After Modification</u>	<u>FY 2021 Actual</u>	<u>FY 2020 Actual</u>
Revenue:				
Net Position Utilized				339,500
User Charges	599,500	599,500	599,500	599,500
Interest on Investments and Deposits	1,500	1,500	28	2,631
Connection Fees	4,000	4,000	5,423	854
Total Operating Revenue	<u>605,000</u>	<u>605,000</u>	<u>604,951</u>	<u>942,485</u>
Expenses:				
Operating and Maintenance				
(1) Engineering and Consulting Services	20,000	20,000	9,613	47,714
(2) Legal Fees	3,500	3,500		2,837
(3) Indirect Administration, Legal and Fiscal Expenses	51,000	51,000	47,185	44,593
(4) Trustee and Banking Fees			3,000	
(6) Insurance	10,000	10,000	9,542	9,497
(7) Printing Expenses	300	300	150	
(8) Safety Equipment	400	400	22	
(9) Chemicals	400	400	134	4,508
(10) Laboratory Supplies	700	700		614
(11) Plant Supplies	500	500	49	73
(12) Testing Services	2,200	2,200	930	698
(13) Outside Services	25,300	25,300	12,767	48,846
(14) Utilities	45,000	45,000	35,503	38,030
(15) Motor Vehicles and Equipment	200	200	163	163
(16) Equipment/Stationary	4,500	4,500	2,087	1,088
(17) Electrical and Mechanical Equipment Repair	3,000	3,000	320	5,217
(18) Payment to Upper Walkkill for Operating and Maintenance Services	94,000	94,000	94,000	88,000
(19) Taxes and Fees	13,000	13,000	11,678	11,084
Total Operating and Maintenance Expenses	<u>274,000</u>	<u>274,000</u>	<u>227,143</u>	<u>302,962</u>
Capital Outlays				<u>286,937</u>
Reserves:				
Renewal and Replacement	12,000	12,000	12,000	
Debt Service:				
Principal	128,500	128,500	128,500	125,000
Interest	190,500	190,500	190,262	193,519
	<u>319,000</u>	<u>319,000</u>	<u>318,762</u>	<u>318,519</u>
	<u>605,000</u>	<u>605,000</u>	<u>557,905</u>	<u>908,418</u>
Excess or (Deficit) in Actual Revenues and Expenses			47,046	34,067
Reconciliation of Budgetary Basis To				
Change in Net Position:				
Net Position Utilized				(339,500)
Budget Appropriation - Renewal and Replacement			12,000	
Depreciation			(340,425)	(324,607)
Debt Service Principal			128,500	125,000
Capital Outlays				286,937
			<u>(199,925)</u>	<u>(252,170)</u>
Change in Net Position			<u>(152,879)</u>	<u>(218,103)</u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE

NOVEMBER 30, 2021

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2020	Issued	Refunded or Paid	Balance Nov. 30, 2021
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 1	09/20/16	\$ 5,496,000	2.750%	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, 2021

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2020	Issued	Refunded or Paid	Balance Nov. 30, 2021
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 1 (continued)	09/20/16	\$ 5,495,000	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					
						5,211,718		86,342	5,125,376

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2021

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2020	Issued	Refunded or Paid	Balance Nov. 30, 2021
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 3	09/20/16	\$ 757,000	2.250%	12/01/21	6,640				
				06/01/22	6,714				
				12/01/22	6,790				
				06/01/23	6,866				
				12/01/23	6,944				
				06/01/24	7,022				
				12/01/24	7,101				
				06/01/25	7,181				
				12/01/25	7,261				
				06/01/26	7,343				
				12/01/26	7,426				
				06/01/27	7,509				
				12/01/27	7,594				
				06/01/28	7,679				
				12/01/28	7,765				
				06/01/29	7,853				
				12/01/29	7,941				
				06/01/30	8,030				
				12/01/30	8,121				
				06/01/31	8,212				
			12/01/31	8,305					
			06/01/32	8,398					
			12/01/32	8,492					
			06/01/33	8,588					
			12/01/33	8,685					
			06/01/34	8,782					
			12/01/34	8,881					
			06/01/35	8,981					
			12/01/35	9,082					
			06/01/36	9,184					
			12/01/36	9,288					
			06/01/37	9,392					
			12/01/37	9,498					
			06/01/38	9,605					
			12/01/38	9,713					

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2021

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2020	Issued	Refunded or Paid	Balance Nov. 30, 2021
	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					
						713,528		13,059	700,469

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2021

Description	Original Issue		Interest Rate	Maturities		Balance Dec. 1, 2020	Issued	Refunded or Paid	Balance Nov. 30, 2021
	Date	Amount		Date	Amount				
United States Department of Agriculture - Rural Development Loan No. 5	09/20/16	\$ 1,572,000	2.250%	12/01/21	13,787				
				06/01/22	13,942				
				12/01/22	14,098				
				06/01/23	14,257				
				12/01/23	14,417				
				06/01/24	14,580				
				12/01/24	14,744				
				06/01/25	14,910				
				12/01/25	15,077				
				06/01/26	15,247				
				12/01/26	15,418				
				06/01/27	15,592				
				12/01/27	15,767				
				06/01/28	15,945				
				12/01/28	16,124				
				06/01/29	16,305				
				12/01/29	16,489				
				06/01/30	16,674				
				12/01/30	16,862				
				06/01/31	17,052				
			12/01/31	17,243					
			06/01/32	17,437					
			12/01/32	17,634					
			06/01/33	17,832					
			12/01/33	18,033					
			06/01/34	18,235					
			12/01/34	18,441					
			06/01/35	18,648					
			12/01/35	18,858					
			06/01/36	19,070					
			12/01/36	19,285					
			06/01/37	19,502					
			12/01/37	19,721					
			06/01/38	19,943					
			12/01/38	20,167					

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

PAULINSKILL WATER RECLAMATION SYSTEM
SCHEDULE OF USDA LOANS PAYABLE
NOVEMBER 30, 2021

Description	Original Issue		Interest Rate	Maturities		Balance	Issued	Refunded or Paid	Balance Nov. 30, 2021
	Date	Amount		Date	Amount	Dec. 1, 2020			
United States Department of Agriculture - Rural Development Loan No. 5 (continued)	09/20/16	\$ 1,572,000	2.250%	06/01/29	20,394				
				12/01/29	20,623				
				06/01/40	20,855				
				12/01/40	21,090				
				06/01/41	21,327				
				12/01/41	21,567				
				06/01/42	21,810				
				12/01/42	22,055				
				06/01/43	22,303				
				12/01/43	22,554				
				06/01/44	22,808				
				12/01/44	23,065				
				06/01/45	23,324				
				12/01/45	23,587				
				06/01/46	23,852				
				12/01/46	24,120				
				06/01/47	24,392				
				12/01/47	24,666				
				06/01/48	24,943				
				12/01/48	25,224				
				06/01/49	25,508				
				12/01/49	25,795				
				06/01/50	26,085				
				12/01/50	26,378				
				06/01/51	26,675				
				12/01/51	26,975				
				06/01/52	27,279				
				12/01/52	27,586				
				06/01/53	27,896				
				12/01/53	28,210				
		06/01/54	28,527						
		12/01/54	28,848						
		06/01/55	29,173						
		12/01/55	29,501						
		06/01/56	28,293						
						<u>1,481,738</u>		<u>27,114</u>	<u>1,454,624</u>
GRAND TOTAL						<u>7,406,984</u>		<u>126,515</u>	<u>7,280,469</u>
									<u>129,815</u>
									<u>7,150,654</u>
									<u>7,280,469</u>

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, 2021

Cash, Cash Equivalents and Investments- December 1, 2020	90,061
Cash Receipts:	
Operating Grants	449,182
Other Receipts	18,790
	<hr/>
Total Cash Receipts	467,972
	<hr/>
Total Cash And Investments Available	558,033
	<hr/>
Cash Disbursements:	
Project Expenses	429,391
	<hr/>
Total Cash Disbursements	429,391
	<hr/>
Cash, Cash Equivalents and Investments- November 30, 2021	128,642
	<hr/> <hr/>
Analysis of Balance:	
Unrestricted	128,642
Restricted	-
	<hr/>
	128,642
	<hr/> <hr/>
Cash and Cash Equivalents	128,642
Investments	-
	<hr/>
	128,642
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SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF NET POSITION****FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

	<u>Administrative Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	323,668
Prepaid Expenses	<u>4,856</u>
Total Current Assets	<u>328,524</u>
Restricted Assets	
Cash and Cash Equivalents	262,934
Investments	<u>395,301</u>
Total Noncurrent Assets	<u>658,235</u>
Total Assets	<u>986,759</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	37,944
Payroll Taxes Payable	7,077
Due to Other Funds	<u>283,503</u>
Total Current Liabilities	<u>328,524</u>
Total Liabilities	<u>328,524</u>
NET POSITION	
Restricted:	
Reserve for Unemployment Insurance	<u>658,235</u>
Total Net Position	<u><u>658,235</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, 2021

	<u>Administrative Services</u>
Operating Revenues:	
User Charges	1,477,988
Interest Income	836
Unemployment Contributions	<u>7,590</u>
Total Operating Revenue	<u>1,486,414</u>
Operating Expenses:	
Administrative and General Expenses	1,477,988
Unemployment Claims	<u>4,220</u>
Total Operating Expenses	<u>1,482,208</u>
Operating Income	<u>4,206</u>
Net Position - Beginning	<u>654,029</u>
Net Position - Ending	<u><u>658,235</u></u>

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

	<u>Administrative Services</u>
Cash Flows From Operating Activities:	
Cash Received from Users	1,477,988
Other Operating Receipts	7,590
Interest Received	836
Cash Paid to Employees	(864,753)
Cash Paid for Employee Benefits	(426,333)
Cash Paid to Suppliers and Professional contractors	<u>(212,935)</u>
Net Cash Provided/(Required) By Operating Activities	<u>(17,607)</u>
Cash Flows From Investing Activities:	
Sales (Purchases) of Investments	<u>(823)</u>
Net Cash Provided/(Required) By Investing Activities	<u>(823)</u>
Increase/(Decrease) In Cash And Cash Equivalents	(18,430)
Cash And Cash Equivalents - December 1,	<u>605,032</u>
Cash And Cash Equivalents - November 30,	<u><u>586,602</u></u>
Classified As:	
Unrestricted Assets	323,668
Restricted Assets	<u>262,934</u>
	<u><u>586,602</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	4,206
Items Affecting Cash from Operations:	
Decrease / (Increase) in:	
Prepaid Expenses	(134)
Increase / (Decrease) in:	
Accounts Payable and Accrued Liabilities	<u>(21,679)</u>
Net Cash Provided/(Required) by Operating Activities	<u><u>(17,607)</u></u>

Single Audit Section



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Sussex County Municipal Utilities Authority, as of and for the year ended November 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 2021-001.

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

January 4, 2023





WIELKOTZ & COMPANY LLC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE 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 State Program

Opinion on Each Major State Program

We have audited Sussex County Municipal Utilities Authority's compliance with the types of compliance requirements identified as subject to audit in the N.J. Office of Management and Budget Circular 15-08 Compliance Supplement that could have a direct and material effect on each of Sussex County Municipal Utilities Authority's major state programs for the year ended November 30, 2021. Sussex County Municipal Utilities Authority's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 state programs for the year ended November 30, 2021.

Basis for Opinion on Each Major State Program

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 N.J. OMB Circular 15-08. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of Sussex County Municipal Utilities Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Sussex County Municipal Utilities Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sussex County Municipal Utilities Authority's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sussex County Municipal Utilities Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and N.J. OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sussex County Municipal Utilities Authority's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and N.J. OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sussex County Municipal Utilities Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Sussex County Municipal Utilities Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Sussex County Municipal Utilities Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 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 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Wielkocz & Company, LLC

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

January 4, 2023



SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards
Fiscal Year Ended November 30, 2021

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 Pass Through New Jersey Department of Environmental Protection: Performance Partnership Grants: Section 319H Pollution Control and Management Implementation Grant	66.605	042-4801-100-442	\$ 700,000	09/03/13	12/31/20	630,000	40,675	670,675	670,675	
Imp. Of Sussex County Restoration and Stewardship Initiative	66.605	042-4801-100-442	\$ 800,000	10/01/17	09/30/22	288,000	144,000	259,098	168,825	427,923
Priority Watershed WBP/TMDL Implementation - Upper Paulinskill	66.605	042-4801-100-442	\$ 42,724	10/31/20	09/01/24	-	42,724	-	-	-
U.S. Department of Agriculture: Natural Resources Conservation Service:										
Soil and Water Conservation	10.902	N/A	\$ 256,252	08/06/21	07/31/24	-	-	-	11,426	11,426
Soil and Water Conservation	10.902	N/A	149,592	09/16/16	08/31/21	110,344	32,828	147,654	1,938	149,592
			405,844			110,344	32,828	147,654	13,364	161,018
Wetlands Reserve Program	10.072	N/A	15,000	09/16/16	08/31/21	9,122	5,878	11,288	3,712	15,000
Environmental Quality Incentives Program	10.912	N/A	25,000	09/16/16	08/31/21	9,513	15,487	13,106	11,894	25,000
Regional Conservation Partnership Program	10.932	N/A	9,000	09/16/16	08/31/21	3,498	5,502	4,788	4,212	9,000
Agricultural Conservation Easement Program	10.931	N/A	11,500	09/16/16	08/31/21	4,376	7,124	6,046	5,454	11,500
U.S. Department of the Interior - National Fish and Wildlife Foundation: Pass Through The Nature Conservancy: Restoring Paulins Kill Floodplain Forests and Functions	15.663		\$ 62,810	10/15/18	01/15/21	54,397	8,408	62,805	-	62,805
Building Awareness of Green Infrastructure	15.663		\$ 177,555	06/01/17	11/20/20	128,995	48,560	177,555	-	177,555
Building Awareness of Green Infrastructure Phase 1	15.663		\$ 238,023	05/01/19	05/01/22	13,059	39,669	13,059	70,980	84,039
						1,251,304	390,855	1,366,074	278,441	1,644,515

Note: This schedule was not subject to an audit in accordance with Title 2, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of State Financial Assistance
Fiscal Year Ended November 30, 2021

State Grantor/Pass-Through Grantor/Program	Pass Through Entity ID No.	State Account Number	Program Amount	Grant Period		Cash Received		Program Expenditures		
				From	To	Prior Years	Current Year	Prior Years	Current Year	Total
New Jersey Department of Environmental Protection: NJ Environmental Infrastructure Trust	S342008-04 (CLP)		\$ 7,405,888	12/01/20	11/30/21	-	5,741,981	940,317	5,945,257	6,885,574
	S342008-06 (CLP)		\$ 26,912,474	12/01/20	11/30/21	-	7,239,538	-	11,264,251	11,264,251
Priority Watershed WBP/TMDL Implementation - Upper Paulinskill	n/a	100-4850-100-099	\$ 147,276	10/31/20	09/01/24	-	14,276	-	-	-
Recycling Enhancement Act Tax Fund (2020)	n/a	042-4910-100-224	\$ 162,000	06/01/20	05/31/21	-	162,000	-	162,000	162,000
Recycling Enhancement Act Tax Fund (2021)	n/a	042-4910-100-224	\$ 162,000	06/01/21	05/31/22	-	-	-	-	-
Total State Financial Assistance						-	13,157,795	940,317	17,371,508	18,311,825

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

**NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
NOVEMBER 30, 2021**

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>\$278,441</u>	<u>\$17,371,508</u>	<u>\$17,649,949</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, 2021**

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?

_____ yes

 X 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, 2021**

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, 2021**

Section II--Financial Statement Findings

2021-001:

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.

**SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2021**

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, 2021**

Status of Prior Year Findings

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

2020-001

The authority will continue 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 of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

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

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

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

GENERAL COMMENTS, (continued)

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

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

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

SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

NOVEMBER 30, 2021

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.

Wielkocz & Company, LLC

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