

**WASHINGTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDED
JANUARY 31, 2020 and 2019**

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Roster of Officials
As of January 31, 2020

MEMBERS

Rich Silvesti
Harry Adams
Matt Gorman
Raymond DiNovi, Jr.
Jack Yerkes
Frank Cianci
Dawn Passante

POSITION

Chairman
Vice-Chairman
Secretary/Treasurer
Member
Member
Alternate Member
Alternate Member

OFFICERS

Angela Grassia
Elizabeth Rogale

Matthew Walker

Executive Director
Deputy Executive Director/
Chief Financial Officer
Assistant Superintendent

CONSULTANTS

Grace Marmero & Associates, LLP
Remington & Vernick Engineers
TD Bank
Fleishman-Daniels Law Offices, LLC

Authority Solicitor
Engineer
Trustee
Bond Counsel

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED JANUARY 31, 2020 AND 2019

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Washington Township Municipal Utilities Authority
Turnersville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Washington Township Municipal Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the Township of Washington (Authority), as of and for the fiscal years ended January 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Washington Township Municipal Utilities Authority, in the County of Gloucester, State of New Jersey as of January 31, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate 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 accompanying supplementary information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020 on our consideration of the 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
November 19, 2020

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

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
Washington Township Municipal Utilities Authority
Turnersville, New Jersey

We have audited, in accordance with the 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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Washington Township Municipal Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the Township of Washington, (Authority), as of and for the fiscal year ended January 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
November 19, 2020

**Washington Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended January 31, 2020 and 2019
(Unaudited)**

The Washington Township Municipal Utilities Authority (the Authority) is a public agency providing potable water and wastewater services to Washington Township. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for fiscal year ending on January 31, 2020. The entire annual financial report consists of five parts; Independent Auditor's Report, the management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplementary schedules.

FINANCIAL HIGHLIGHTS

Management believes the financial position of the Authority is very stable. The 1991 Bond Resolution requires the Authority to have a ratio of net revenues to debt service of 115%. The Authority met this requirement by generating 216% in coverage for fiscal year 2020. Key financial highlights for the Authority's fiscal year 2020 are as follows:

- **Total Assets:** Total assets at the end of fiscal year 2020 were \$57,596,495.56. After deducting liabilities of \$25,455,628.02 and adjusting for deferred inflows of \$6,803,268.45 and deferred outflows of resources of \$1,790,058.55, the resulting net position is equal to \$27,127,657.64.
- **Total Operating Revenue:** Fiscal year 2020 revenues totaling \$12,796,785.31 decreased by \$2,415.11 from the prior fiscal year's amount of \$12,799,200.42.
- **Total Operating Expenses:** Fiscal year 2020 operating expenses totaling \$11,638,093.73 decreased by \$86,817.55 from the prior fiscal year's amount of \$11,724,911.28.
- **Operating Income:** In fiscal year 2020, the Authority generated \$1,158,691.58 in operating income. This was an increase of \$84,402.44 from the prior year's operating income of \$1,074,289.14.
- **Change in Net Position, Before Capital Contributions:** In fiscal year 2020, the Authority generated \$1,737,841.90 in income before capital contributions. This was an increase of \$247,548.51 from the prior year's operating income of \$1,490,293.39.
- **Change in Capital Contributions:** In fiscal year 2020, the Authority received \$519,709.00 in capital contributions, which is an increase of \$500,434.00 from the prior year's contributions of \$19,275.00.
- **Change in Net Position:** Change in Net Position for fiscal year 2020 was \$2,257,550.90 representing an increase of \$747,982.51 from fiscal year 2019 amount of \$1,509,568.39.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the Authority's assets, liabilities, and deferred outflows and inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the statements of revenue, expenses and changes in net position regardless of when cash is received or paid. Net position, the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources is a measure of the Authority's financial health or position.

**Washington Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended January 31, 2020 and 2019
(Unaudited)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

The statements of revenue, expenses and changes in net position provide a breakdown of the various areas of revenues and expenses encountered during the current year.

The statements of cash flows provide a breakdown of the various sources of cash, categorized into four areas: cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net position was \$27,127,657.64 as of January 31, 2020. Total assets, deferred outflows and inflows of resources, total liabilities and total net position are detailed below:

Statements of Net Position					
As of January 31, 2020, 2019 and 2018					
	<u>2020</u>	<u>2019</u>	Restated <u>2018</u>	<u>Change from 2019 to 2020</u>	
				<u>Amount</u>	<u>Percentage</u>
Assets:					
Unrestricted Assets	\$ 15,038,209.77	\$ 13,829,342.14	\$ 11,264,970.48	\$ 1,208,867.63	8.74%
Restricted Assets	5,000,655.47	4,500,436.70	5,296,109.63	500,218.77	11.11%
Capital Assets	<u>37,557,630.32</u>	<u>38,729,515.37</u>	<u>40,415,203.76</u>	<u>(1,171,885.05)</u>	-3.03%
Total Assets	<u>57,596,495.56</u>	<u>57,059,294.21</u>	<u>56,976,283.87</u>	<u>537,201.35</u>	0.94%
Deferred Outflows of Resources	<u>1,790,058.55</u>	<u>1,728,288.36</u>	<u>1,871,266.55</u>	<u>61,770.19</u>	3.57%
Liabilities:					
Current Liabilities	3,567,782.60	3,740,963.89	3,532,471.79	(173,181.29)	-4.63%
Long-term Liabilities	<u>21,887,845.42</u>	<u>24,306,599.49</u>	<u>28,928,082.83</u>	<u>(2,418,754.07)</u>	-9.95%
Total Liabilities	<u>25,455,628.02</u>	<u>28,047,563.38</u>	<u>32,460,554.62</u>	<u>(2,591,935.36)</u>	-9.24%
Deferred Inflows of Resources	<u>6,803,268.45</u>	<u>5,869,912.45</u>	<u>3,026,457.45</u>	<u>933,356.00</u>	15.90%
Net Position:					
Net Investment in Capital Assets	25,294,717.43	24,942,942.77	25,380,072.80	351,774.66	1.41%
Restricted	5,226,355.04	5,156,260.26	5,055,843.94	70,094.78	1.36%
Unrestricted (Deficit)	<u>(3,393,414.83)</u>	<u>(5,229,096.29)</u>	<u>(7,075,378.39)</u>	<u>1,835,681.46</u>	-35.11%
Total Net Position	<u>\$ 27,127,657.64</u>	<u>\$ 24,870,106.74</u>	<u>\$ 23,360,538.35</u>	<u>\$ 2,257,550.90</u>	9.08%

**Washington Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended January 31, 2020 and 2019
(Unaudited)**

FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)

The Authority realized operating income of \$1,158,691.58 for the fiscal year. Combined with net non-operating revenues of \$579,150.32 and contributions of capital of \$519,709.00; net position increased by \$2,257,550.90. Major components of this change along with a comparison of the previous two year's activity are shown below.

Statements of Revenue, Expenses and Changes in Net Position
For the Fiscal Years Ended January 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>Restated 2018</u>	<u>Change from 2019 to 2020</u>	
				<u>Amount</u>	<u>Percentage</u>
Operating Revenues:					
Service Charges	\$ 11,791,105.28	\$ 11,242,302.02	\$ 11,469,695.92	\$ 548,803.26	4.88%
Connection Fees	780,993.00	1,329,636.00	316,831.00	(548,643.00)	-41.26%
Other Operating Revenues	<u>224,687.03</u>	<u>227,262.40</u>	<u>136,695.71</u>	<u>(2,575.37)</u>	-1.13%
	<u>12,796,785.31</u>	<u>12,799,200.42</u>	<u>11,923,222.63</u>	<u>(2,415.11)</u>	-0.02%
Operating Expenses:					
Administration:					
Salaries and Wages	622,064.98	595,773.18	610,107.85	26,291.80	4.41%
Fringe Benefits	592,608.82	798,060.38	935,217.83	(205,451.56)	-25.74%
Other Expenses	<u>385,438.42</u>	<u>383,553.61</u>	<u>382,206.49</u>	<u>1,884.81</u>	0.49%
Total Administration	<u>1,600,112.22</u>	<u>1,777,387.17</u>	<u>1,927,532.17</u>	<u>(177,274.95)</u>	-9.97%
Cost of Providing Services:					
Salaries and Wages	1,127,093.78	1,128,061.13	1,165,363.66	(967.35)	-0.09%
Fringe Benefits	463,163.61	639,225.05	882,344.45	(176,061.44)	-27.54%
Other Expenses	<u>6,140,357.50</u>	<u>5,888,444.82</u>	<u>5,450,501.43</u>	<u>251,912.68</u>	4.28%
Total Cost of Providing Services	<u>7,730,614.89</u>	<u>7,655,731.00</u>	<u>7,498,209.54</u>	<u>74,883.89</u>	0.98%
Major Repairs and Other Expenses	74,067.47	106,203.82	65,707.96	(32,136.35)	-30.26%
Depreciation	<u>2,233,299.15</u>	<u>2,185,589.29</u>	<u>2,101,690.09</u>	<u>47,709.86</u>	2.18%
Total Operating Expenses	<u>11,638,093.73</u>	<u>11,724,911.28</u>	<u>11,593,139.76</u>	<u>(86,817.55)</u>	-0.74%
Operating Income	1,158,691.58	1,074,289.14	330,082.87	84,402.44	7.86%
Non-operating Revenue (Expenses)	<u>579,150.32</u>	<u>416,004.25</u>	<u>110,581.00</u>	<u>163,146.07</u>	39.22%
Change in Net Position Before Contributions	1,737,841.90	1,490,293.39	440,663.87	247,548.51	16.61%
Capital Contributions	<u>519,709.00</u>	<u>19,275.00</u>	<u>134,044.00</u>	<u>500,434.00</u>	2596.29%
Change in Net Position	<u>2,257,550.90</u>	<u>1,509,568.39</u>	<u>574,707.87</u>	<u>747,982.51</u>	49.55%
Net Position February 1	<u>24,870,106.74</u>	<u>23,360,538.35</u>	<u>32,871,160.58</u>	<u>1,509,568.39</u>	6.46%
Restatements			<u>(10,085,330.10)</u>		
Net Position February 1, As Restated			<u>22,785,830.48</u>		
Net Position January 31	<u>\$ 27,127,657.64</u>	<u>\$ 24,870,106.74</u>	<u>\$ 23,360,538.35</u>	<u>\$ 2,257,550.90</u>	9.08%

**Washington Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended January 31, 2020 and 2019
(Unaudited)**

OVERALL ANALYSIS

The Authority's overall financial position remains positive. The Authority has not experienced any decrease in the overall mix of its residential, commercial, public and industrial customer-billing base. The rate structure remains stable.

Overall, the Authority's financial position has increased in the current year. Net position is \$27,127,657.64. Unrestricted Net Position is a deficit of \$3,393,414.83. The makeup of the ratepayer base is well diversified. The residential and public sectors, the most stable when considering the volatility of a billing rate, comprise over 90% of the Authority's customers. There is no particular emphasis or imbalance in the type of business enterprises within the commercial sector. Industrial users, exist, but do not comprise a major portion of the Authority's billing base.

BUDGET VARIANCES

The budget for fiscal year 2020 was formulated in November 2018 and adopted within state guidelines. Following, is a narrative addressing the more significant budget line items, and how those budget line items compare to actual operating results for the current year.

Operating and non-operating revenue exceeded the anticipated amount for the water utility by \$1,038,883.19 and exceeded the anticipated amount for the sewer utility by \$722,648.24.

Operating, principal payments and non-operating expenditures had favorable budget variances in the amount of \$595,288.56 for the water utility and \$286,542.28 for the sewer utility.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During fiscal year 2020, the Authority expended \$541,705.10 for capital improvements, and completed and transferred \$278,678.02 worth of assets from construction in progress to capital assets where they will be depreciated.

In fiscal year 2020, the Authority accepted \$519,709.00 in capital contributions from various developers within the Township.

During fiscal year 2020, the Authority made Revenue Bond principal payments of \$900,000.00 and NJEIT Loan principal payments of \$661,009.10. See Schedules 5 and 6 for complete long-term debt activity.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Washington Township's residents and our customers, clients, investors and creditors, with a general overview of the Authority's finances. If you have any questions about this report or need additional financial information, contact the Executive Director, Washington Township Municipal Utilities Authority 152 Whitman Drive, Turnersville, New Jersey 08012.

BASIC FINANCIAL STATEMENTS

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Net Position
As of January 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 13,763,385.54	\$ 12,481,008.03
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of \$10,686.72 for 2020 and 2019	1,102,619.93	1,056,320.68
Meter Inventory	106,805.00	231,820.00
Prepaid Expenses	65,399.30	60,193.43
Total Unrestricted Assets	<u>15,038,209.77</u>	<u>13,829,342.14</u>
Restricted Assets:		
Cash and Cash Equivalents	4,969,375.46	4,399,025.44
Investment Income Receivable	1,308.89	1,671.66
NJEIT Program Receivable	29,971.12	99,739.60
Total Restricted Assets	<u>5,000,655.47</u>	<u>4,500,436.70</u>
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	37,548,729.17	38,727,774.37
Construction in Progress	8,901.15	1,741.00
	<u>37,557,630.32</u>	<u>38,729,515.37</u>
Total Assets	<u>57,596,495.56</u>	<u>57,059,294.21</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Loss on Defeasance of Debt	3,892.17	7,784.36
Related to Pensions	1,125,586.00	1,699,335.00
Related to OPEB	660,580.38	21,169.00
	<u>1,790,058.55</u>	<u>1,728,288.36</u>

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Net Position
As of January 31, 2020 and 2019

	2020	2019
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable - Related to Operations	\$ 1,384,182.62	\$ 1,518,861.36
Accounts Payable - Related to Pensions	213,834.00	227,747.00
Accrued Liabilities	36,361.02	29,781.20
Compensated Absences - Current Portion	10,063.62	15,023.14
Developer's Escrow Deposits	126,683.43	180,165.46
Total Current Liabilities Payable from Unrestricted Assets	<u>1,771,124.69</u>	<u>1,971,578.16</u>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	15,921.40	12,993.50
NJEIT Loans Payable--Current Portion	675,518.38	661,009.10
Revenue Bonds Payable--Current Portion	935,000.00	900,000.00
Accrued Interest Payable	170,218.13	195,383.13
Total Current Liabilities Payable from Restricted Assets	<u>1,796,657.91</u>	<u>1,769,385.73</u>
Long-term Liabilities:		
Compensated Absences	165,697.02	151,416.53
Net OPEB Obligation	6,965,995.00	7,194,014.00
NJEIT Loans Payable	5,351,380.59	6,036,626.71
Revenue Bonds Payable	5,318,955.81	6,283,467.25
Net Pension Liability	3,961,080.00	4,508,223.00
Accrued Liabilities - Related to Pension	124,737.00	132,852.00
Total Long-term Liabilities	<u>21,887,845.42</u>	<u>24,306,599.49</u>
Total Liabilities	<u>25,455,628.02</u>	<u>28,047,563.38</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Revenue	1,303,468.45	1,051,936.45
Related to Pensions	1,716,740.00	1,662,038.00
Related to OPEB	3,783,060.00	3,155,938.00
	<u>6,803,268.45</u>	<u>5,869,912.45</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	25,294,717.43	24,942,942.77
Restricted for:		
Bond Resolution Covenants	5,180,635.77	5,114,302.02
Unemployment Compensation	45,719.27	41,958.24
Unrestricted (Deficit)	<u>(3,393,414.83)</u>	<u>(5,229,096.29)</u>
Total Net Position	<u>\$ 27,127,657.64</u>	<u>\$ 24,870,106.74</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Statements of Revenue, Expenses and Changes in Net Position
 For the Fiscal Years Ended January 31, 2020 and 2019

	2020	2019
Operating Revenues:		
Utility Service Charges	\$ 11,791,105.28	\$ 11,242,302.02
Connection Fees	780,993.00	1,329,636.00
Other Operating Revenues	224,687.03	227,262.40
Total Operating Revenue	<u>12,796,785.31</u>	<u>12,799,200.42</u>
Operating Expenses:		
Administration:		
Salaries and Wages	622,064.98	595,773.18
Fringe Benefits	592,608.82	798,060.38
Other Expenses	385,438.42	383,553.61
Cost of Providing Service:		
Salaries and Wages	1,127,093.78	1,128,061.13
Fringe Benefits	463,163.61	639,225.05
Other Expenses	6,140,357.50	5,888,444.82
Major Repairs and Other Expenses	74,067.47	106,203.82
Depreciation	2,233,299.15	2,185,589.29
Total Operating Expenses	<u>11,638,093.73</u>	<u>11,724,911.28</u>
Operating Income	<u>1,158,691.58</u>	<u>1,074,289.14</u>
Non-operating Revenue (Expenses):		
Investment Income	327,419.72	237,506.55
Interest on Debt	(311,539.27)	(364,813.15)
Interlocal Service Agreement	52,750.00	51,750.00
Tower Rentals	510,519.87	491,560.85
Total Non-operating Revenue (Expenses)	<u>579,150.32</u>	<u>416,004.25</u>
Income Before Capital Contributions	1,737,841.90	1,490,293.39
Contributions of Capital	<u>519,709.00</u>	<u>19,275.00</u>
Change in Net Position	2,257,550.90	1,509,568.39
Net Position February 1	<u>24,870,106.74</u>	<u>23,360,538.35</u>
Net Position January 31	<u>\$ 27,127,657.64</u>	<u>\$ 24,870,106.74</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Cash Flows

For the Fiscal Years Ended January 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 12,777,331.03	\$ 13,062,374.59
Payments to Employees	(2,789,030.40)	(3,208,192.70)
Payments to Suppliers	(6,721,693.91)	(6,028,402.27)
Other Operating Receipts	171,567.77	274,026.50
Other Operating Disbursements	(74,067.47)	(112,467.88)
Net Cash Provided by Operating Activities	<u>3,364,107.02</u>	<u>3,987,338.24</u>
Cash Flows from Noncapital Financing Activities:		
Other Non-Operating Revenue	<u>563,269.87</u>	<u>543,310.85</u>
Net Cash Provided by Noncapital Financing Activities	<u>563,269.87</u>	<u>543,310.85</u>
Cash Flows from Capital and Related Financing Activities:		
NJEIT Program Receivable	69,768.48	463,746.40
Construction In Progress	(538,777.20)	(492,751.61)
Bond and Loan Principal	(1,561,009.10)	(1,482,427.87)
Interest on Debt	(372,051.27)	(417,202.65)
Net Cash Used in Capital and Related Financing Activities	<u>(2,402,069.09)</u>	<u>(1,928,635.73)</u>
Cash Flows from Investing Activities:		
Investment Income	<u>327,419.73</u>	<u>237,506.56</u>
Net Cash Provided by Investing Activities	<u>327,419.73</u>	<u>237,506.56</u>
Net Increase in Cash and Cash Equivalents	<u>1,852,727.53</u>	<u>2,839,519.91</u>
Cash and Cash Equivalents, February 1	<u>16,880,033.47</u>	<u>14,040,513.56</u>
Cash and Cash Equivalents, January 31	<u>\$ 18,732,761.00</u>	<u>\$ 16,880,033.47</u>

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Statements of Cash Flows

For the Fiscal Years Ended January 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,158,691.58	\$ 1,074,289.14
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:		
Depreciation Expense	2,233,299.15	2,185,589.29
Pension Liability Expense - GASB 68	59,280.00	196,007.00
Other Post Employment Benefit Expenses - GASB 75	(240,308.38)	(163,973.00)
Changes in Assets and Liabilities:		
Change in Consumer Accounts Receivable	(46,299.25)	112,011.57
Change in Other Accounts Receivable	362.77	346.16
Change in Prepaid Expenses	(5,205.87)	4,239.05
Change in Meter Inventory	125,015.00	81,644.00
Change in Accounts Payable	(134,678.74)	119,415.05
Change in Payroll Deductions Payable	6,579.82	(33,497.43)
Change in Deferred Revenue	251,532.00	378,425.00
Change in Accrued Liabilities	9,320.97	(13,575.53)
Change in Escrow Deposits	(53,482.03)	46,417.94
Total Adjustments	<u>2,205,415.44</u>	<u>2,913,049.10</u>
Net Cash Provided by Operating Activities	<u>\$ 3,364,107.02</u>	<u>\$ 3,987,338.24</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Notes to Financial Statements

For the Fiscal Years Ended January 31, 2020 and 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Washington Township Municipal Utilities Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was created by an ordinance adopted on April 4, 1962 by the governing body of the Township of Washington (the "Township"), pursuant to the Municipal and County Utilities Authorities Law.

The Authority was created for the purpose of constructing, maintaining and operating water supply and distribution and sewerage collection facilities for the relief of waters in, bordering or entering the areas within the territorial boundaries of the Township from pollution or threatened pollution and for the improvement of conditions affecting the public health.

The Authority currently provides water supply and sewerage collection service to all residences and businesses within the Township.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Washington.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (water and sewer) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, net position, revenues and expenditures.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the fiscal year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond premiums, deferred loss on defeasance and the annual required contribution for the Authority's Other Postemployment Benefits (OPEB) Plan and the Net Pension Liability (PERS), are not included in the budget appropriations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets and Budgetary Accounting (Cont'd)**

The legal level of budgetary control is established at the detail shown on the Statements of Revenue, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the fiscal year.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At fiscal year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Inventories**

Inventory consists principally of water meters and is valued at cost. The Authority has determined that any chemicals for the treatment of water, sewerage and sludge are immaterial and are not recorded in the financial statements.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable fiscal year end.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Capital assets are stated at historical cost or estimated historical cost. Donated capital assets are recorded at their fair market value as of the date received.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the fiscal year that the project is completed, these costs are transferred to Capital Assets - Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Depreciation

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Land Improvements	20
Buildings	40
Machinery and Equipment	5 - 15
Infrastructure	40

Bond and Loan Premiums

Bond and loan premiums arising from the issuance of long-term debt (bonds and loans) are amortized over the life of the bonds and loans, in a systematic and rational method, from the issue date to maturity as a component of interest expense. Bond and loan premiums are presented as an adjustment of the face amount on the bonds and loans.

Deferred Outflows and Deferred Inflows of Resources

The statements 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows 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: loss on defeasance of debt, connection and meter fee funds received prior to providing water and sewer services, defined benefit pension plans and other postemployment benefit plans.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at fiscal year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted - Net position is 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.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from water treatment and sewer collection facilities (i.e., water and sewer rents and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the water treatment and sewer collection facilities and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and expenses related to an Interlocal services agreement.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies****Recently Issued and Adopted Accounting Pronouncements**

For the fiscal year ended January 31, 2020, the Authority early adopted Governmental Accounting Standards Board (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 adoption of this Statement has impacted the fiscal year that the Authority will adopt several of the statements listed in the recently issued accounting pronouncements below.

Recently Issued Accounting Pronouncements

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

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2020, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2021. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2020, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2021. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2020, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2021. Management has not yet determined the impact of this Statement on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2020, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2021. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statements are effective as follows:

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the fiscal year ending January 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending January 31, 2023.

Management has not yet determined the impact of this Statement on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement will become effective for the Authority in the fiscal year ending January 31, 2022. GASB Statement 95 changed the effective date for paragraphs 13 and 14 to the fiscal year ending January 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the fiscal year ending January 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement 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 Statement will become effective for the Authority in the fiscal year ending January 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

General Bond Resolution

The Authority is subject to the provisions and restrictions of the Bond Resolution adopted July 23, 1991. All revenues shall be deposited and applied as provided in the 1991 Bond Resolution. A summary of the activities of each account created by section 502 of the 1991 Bond Resolution is covered on the following page.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**General Bond Resolution (Cont'd)**

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee shall make quarterly payments into the other accounts to satisfy bond resolution or operating requirements.

Operating Reserve Account - The Operating Reserve Account is considered part of the Operating Fund and are funds set aside as a general reserve for operating expenses. The balance on deposit may not be in excess of 25% of the current year annual appropriation for operating expenses. The balance of restricted net position as of January 31, 2020 is \$2,675,828.75 and meets the requirements of the Bond Resolution.

Operating Account - The Operating Account is considered part of the Operating Fund which receives transfers from the Operating Reserve Account for the payment of operating expenses.

Debt Service Account - The amount on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds when such payments are required. The balance on January 31, 2020 meets the requirements of the Bond Resolution.

Debt Service Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Maximum Annual Debt Service to insure funds are available for payment of Debt Service. The balance of restricted net position as of January 31, 2020 is \$1,504,807.02 and meets the requirements of the Bond Resolution.

Subordinated Debt Fund - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts for payment of the principal or sinking fund installment of and interest of and interest on each issue of Subordinated Debt when such payments are required. The balance on January 31, 2020 meets the requirements of the Bond Resolution.

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. The balance of restricted net position as of January 31, 2020 is \$1,000,000.00 and meets the requirements of the Bond Resolution.

General Reserve Fund - All excess funds of the Authority are recorded in the General Reserve Fund. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the Authority may use the excess funds for any lawful purpose.

Construction Fund – The Construction Fund is held by the Trustee and is used to pay the cost of the project and is pledged, pending application to such costs, for the security of the payment of principal and interest on the Water and Sewer Revenue Bonds.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Debt Service Coverage**

Section 713 of the 1991 Bond Resolution requires a Net Revenues to Debt Service ratio of 115%. Compliance with this covenant is calculated as follows:

	<u>2020</u>		<u>2019</u>
Net Revenues:			
Operating Income (Exhibit B)	\$ 1,158,691.58		\$ 1,074,289.14
Add:			
Non-operating Revenue	890,689.59		780,817.40
Major Repairs & Other Expenses	74,067.47		106,203.82
Depreciation Expense	2,233,299.15		2,185,589.29
Net OPEB Expense (Benefit)	(240,308.38)		(163,973.00)
Net Pension Expense	59,280.00		196,007.00
	<u>\$ 4,175,719.41</u>		<u>\$ 4,178,933.65</u>
Debt Service (Schedule 4)			
Interest Charges	\$ 372,051.27		\$ 417,202.65
Bond Principal	<u>1,561,009.10</u>		<u>1,482,427.87</u>
	<u>\$ 1,933,060.37</u>		<u>\$ 1,899,630.52</u>
Net Revenues	<u>\$ 4,175,719.41</u>	216%	<u>\$ 4,178,933.65</u>
Debt Service	<u>\$ 1,933,060.37</u>		<u>\$ 1,899,630.52</u>
			220%

This ratio meets the required debt service coverage of 115% for the various Revenue Bonds.

Note 3: DETAIL NOTES - ASSETS**Cash and Cash Equivalents**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of January 31, 2020 and 2019, the Authority's bank balances were exposed to custodial credit risk as follows:

	January 31,	
	<u>2020</u>	<u>2019</u>
Insured by F.D.I.C. and GUDPA	\$ 1,893,968.12	\$ 1,966,977.73
Uninsured and Uncollateralized	16,928,229.72	15,100,916.58
	<u>\$ 18,822,197.84</u>	<u>\$ 17,067,894.31</u>

Service Fees

The following is a three-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2020	\$ 891,991.83	\$ 11,905,380.78	\$ 11,880,102.96	92.83%
2019	1,033,033.64	11,375,241.71	11,516,253.52	92.81%
2018	961,032.20	11,471,129.74	11,399,158.30	91.69%

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets**

During the fiscal year ended January 31, 2020, the following changes in Capital Assets occurred:

	<u>Balance</u> <u>Feb. 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Jan. 31, 2020</u>
Capital Assets not being Depreciated:				
Construction in Progress	\$ 1,741.00	\$ 285,838.17	\$ 278,678.02	\$ 8,901.15
Total Capital Assets not being Depreciated	<u>1,741.00</u>	<u>285,838.17</u>	<u>278,678.02</u>	<u>8,901.15</u>
Capital Assets being Depreciated:				
Land Improvements	908,000.00			908,000.00
Buildings	3,156,816.45			3,156,816.45
Machinery and Equipment	5,960,722.65	91,624.00	49,299.00	6,003,047.65
Infrastructure	75,399,484.50	962,629.95		76,362,114.45
Total Capital Assets being Depreciated	<u>85,425,023.60</u>	<u>1,054,253.95</u>	<u>49,299.00</u>	<u>86,429,978.55</u>
Total Capital Assets	<u>85,426,764.60</u>	<u>1,340,092.12</u>	<u>327,977.02</u>	<u>86,438,879.70</u>
Less:				
Accumulated Depreciation:				
Land Improvements	879,481.83	15,868.55		895,350.38
Buildings	1,022,076.09	106,700.81		1,128,776.90
Machinery and Equipment	2,824,116.47	275,492.87	49,299.00	3,050,310.34
Infrastructure	41,971,574.84	1,835,236.92		43,806,811.76
Total Accumulated Depreciation	<u>46,697,249.23</u>	<u>2,233,299.15</u>	<u>49,299.00</u>	<u>48,881,249.38</u>
Capital Assets, Net	<u>\$ 38,729,515.37</u>	<u>\$ (893,207.03)</u>	<u>\$ 278,678.02</u>	<u>\$ 37,557,630.32</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets (Cont'd)**

During the fiscal year ended January 31, 2019, the following changes in Capital Assets occurred:

	<u>Balance</u> <u>Feb. 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Jan. 31, 2019</u>
Capital Assets not being Depreciated:				
Construction in Progress	\$ 1,449,095.39	\$ 250,257.48	\$ 1,697,611.87	\$ 1,741.00
Total Capital Assets not being Depreciated	<u>1,449,095.39</u>	<u>250,257.48</u>	<u>1,697,611.87</u>	<u>1,741.00</u>
Capital Assets being Depreciated:				
Land Improvements	908,000.00			908,000.00
Buildings	3,156,816.45			3,156,816.45
Machinery and Equipment	5,667,418.94	339,442.21	46,138.50	5,960,722.65
Infrastructure	73,791,671.42	1,607,813.08		75,399,484.50
Total Capital Assets being Depreciated	<u>83,523,906.81</u>	<u>1,947,255.29</u>	<u>46,138.50</u>	<u>85,425,023.60</u>
Total Capital Assets	<u>84,973,002.20</u>	<u>2,197,512.77</u>	<u>1,743,750.37</u>	<u>85,426,764.60</u>
Less:				
Accumulated Depreciation:				
Land Improvements	860,743.28	18,738.55		879,481.83
Buildings	946,833.16	75,242.93		1,022,076.09
Machinery and Equipment	2,615,367.17	254,887.80	46,138.50	2,824,116.47
Infrastructure	40,134,854.83	1,836,720.01		41,971,574.84
Total Accumulated Depreciation	<u>44,557,798.44</u>	<u>2,185,589.29</u>	<u>46,138.50</u>	<u>46,697,249.23</u>
Capital Assets, Net	<u>\$ 40,415,203.76</u>	<u>\$ 11,923.48</u>	<u>\$ 1,697,611.87</u>	<u>\$ 38,729,515.37</u>

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES**Deferred Loss of Defeasance of Debt**

In fiscal year ending January 31, 2007, the Authority refunding \$2,885,000.00 of the 1996A Series Bonds. The Authority issued \$2,870,000.00 Utility System Revenue Refunding Bonds 2006 Series B which was used to provide resources or purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$57,761.07. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations as a component of interest expense over the life of the refunding bonds using the effective interest method.

Note 5: DETAIL NOTES – LIABILITIES**Long-term Liabilities**

During the fiscal year ended January 31, 2020, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>Feb. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Jan. 31, 2020</u>	<u>Due Within</u> <u>One Year</u>
Bonds and Loans Payable:					
Bonds Payable	\$ 6,940,000.00		\$ (900,000.00)	\$ 6,040,000.00	\$ 935,000.00
Bond Premiums	243,467.25		(29,511.44)	213,955.81	29,717.72
NJEIT Loans	6,661,074.85		(661,009.10)	6,000,065.75	675,518.38
Loan Premiums	36,560.96		(9,727.74)	26,833.22	9,727.74
Total Bonds and Loans Payable	13,881,103.06	-	(1,600,248.28)	12,280,854.78	1,649,963.84
Other Liabilities:					
Net Pension Liability	4,508,223.00	\$ 2,949,917.00	(3,497,060.00)	3,961,080.00	
Net OPEB Obligation	7,194,014.00	3,705,270.00	(3,933,289.00)	6,965,995.00	
Other Liabilities -					
Related to Pension	132,852.00	124,737.00	(132,852.00)	124,737.00	
Compensated Absences	166,439.67	21,590.12	(12,269.15)	175,760.64	10,063.62
Total Other Liabilities	12,001,528.67	6,801,514.12	(7,575,470.15)	11,227,572.64	10,063.62
Total Long Term Liabilities	\$ 25,882,631.73	\$ 6,801,514.12	\$(9,175,718.43)	\$ 23,508,427.42	\$ 1,660,027.46

During the fiscal year ended January 31, 2019, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>Feb. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Jan. 31, 2019</u>	<u>Due Within</u> <u>One Year</u>
Bonds and Loans Payable:					
Bonds Payable	\$ 7,805,000.00		\$ (865,000.00)	\$ 6,940,000.00	\$ 900,000.00
Bond Premiums	272,795.57		(29,328.32)	243,467.25	29,511.44
NJEIT Loans	7,687,336.72		(1,026,261.87)	6,661,074.85	661,009.10
Loan Premiums	46,288.70		(9,727.74)	36,560.96	9,727.74
Total Bonds and Loans Payable	15,811,420.99	-	(1,930,317.93)	13,881,103.06	1,600,248.28
Other Liabilities:					
Net Pension Liability	4,950,114.00	\$ 3,168,440.00	(3,610,331.00)	4,508,223.00	
Net OPEB Obligation	9,372,894.00	1,373,556.00	(3,552,436.00)	7,194,014.00	
Other Liabilities -					
Related to Pension	114,914.00	132,852.00	(114,914.00)	132,852.00	
Compensated Absences	180,015.20	26,350.36	(39,925.89)	166,439.67	15,023.14
Total Other Liabilities	14,617,937.20	4,701,198.36	(7,317,606.89)	12,001,528.67	15,023.14
Total Long Term Liabilities	\$ 30,429,358.19	\$ 4,701,198.36	\$(9,247,924.82)	\$ 25,882,631.73	\$ 1,615,271.42

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds Payable**

The Revenue Bonds Series 2006A, 2006B and 2011 are direct obligations of the Authority. The Bonds are secured by a pledge on the revenues derived by the Authority from the operation of its water supply and distribution facilities and its sewerage treatment facilities.

The 2006 Series A Bonds were issued to provide funds to fund various capital improvements to the Authority's system, fund a deposit to the Debt Service Reserve Account, and pay certain costs of issuance. The Bonds were issued in the amount of \$4,425,000.00 and carry interest rates ranging from 3.50% to 5.00% with a final maturity in fiscal year 2027.

The 2006 Series B Bonds were issued to currently refund all of the Authority's 1996 Series A Bonds and to pay certain costs related to the issuance of the 2006 Series B Bonds. The Bonds were issued in the amount of \$2,870,000.00 and carry interest rates ranging from 3.50% to 4.10% with a final maturity in fiscal year 2022.

The 2011 Series A Bonds were issued to provide funds to fund various capital improvements to the Authority's system, fund a deposit to the Debt Service Reserve Account, and pay certain costs of issuance. The Bonds were issued in the amount of \$6,630,000.00 and carry interest rates ranging from 3.25% to 4.50% with a final maturity in fiscal year 2027.

The following schedule reflects the Debt Requirements until 2027.

Fiscal Year Ending January 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 935,000.00	\$ 228,575.00	\$ 1,163,575.00
2022	975,000.00	188,860.00	1,163,860.00
2023	760,000.00	152,700.00	912,700.00
2024	790,000.00	119,037.50	909,037.50
2025	825,000.00	85,981.25	910,981.25
2026	860,000.00	54,075.00	914,075.00
2027	895,000.00	18,725.00	913,725.00
	6,040,000.00	\$ 847,953.75	\$ 6,887,953.75
Less: Current Maturities	935,000.00		
Add: Premium on Bonds	213,955.81		
Long-term Portion	\$ 5,318,955.81		

New Jersey Environmental Infrastructure Trust

The Authority obtained four loans from the New Jersey Environmental Infrastructure Trust (NJEIT) during 2002 totaling \$5,707,718.00 for the expansion and upgrade of its water and sewer facilities. The first two parts of the loan award for \$2,922,718.00 are interest free. The two remaining portions totaling \$2,785,000.00 carry interest rates that range from 3.0% to 5.25%. Principal and interest are payable semiannually with the final payments due in fiscal year 2023.

The Authority also obtained two loans from the NJEIT during 2004 totaling \$818,863.00 for the upgrade of its water treatment plant. The first loan award in the amount of \$413,863.00 is interest free. The second loan in the amount of \$405,000.00 carries interest rates that range from 3.0% to 5.25%. Principal and interest are payable semiannually with the final payments due in fiscal year 2025.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Environmental Infrastructure Trust (Cont'd)**

During fiscal year 2017, the Authority obtained four loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$4,370,773.00 for the expansion and upgrade of its water and sewer facilities. The first two parts of the loan award for \$3,305,773.00 are interest free. The two remaining portions totaling \$1,065,000.00 carry interest rates that range from 3.0% to 5.0%. Principal and interest are payable semiannually with the final payments due in fiscal year 2037.

During fiscal year 2018, the Authority obtained loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$1,470,230.00 for Improvements to Well Houses 2 and 8. The first part of the loan award for \$1,105,230.00 is interest free. The remaining portion of \$365,000.00 carries interest rates that range from 2.125% to 5.0%. Principal and interest are payable semiannually with the final payments due in fiscal year 2038.

The Authority recorded a receivable for all loan proceeds at their inception. The receivable is increased by the investment revenue on the funds until they are drawn down from the NJEIT and deposited into the Authority's revolving fund.

The following schedule reflects the Debt Service Requirements for the Authority's NJEIT Loans until 2038.

<u>Fiscal Year</u> <u>Ending January 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 675,518.38	\$ 92,418.76	\$ 767,937.14
2022	659,110.31	78,418.76	737,529.07
2023	643,961.76	63,668.76	707,630.52
2024	318,363.24	48,956.26	367,319.50
2025	319,288.26	44,681.26	363,969.52
2026-2030	1,491,441.30	168,968.80	1,660,410.10
2031-2035	1,561,600.80	93,018.80	1,654,619.60
2036-2038	330,781.70	13,900.00	344,681.70
	<u>6,000,065.75</u>	<u>\$ 604,031.40</u>	<u>\$ 6,604,097.15</u>
Less: Current Maturities	675,518.38		
Add: Premium on Loans	<u>26,833.22</u>		
Long-term Portion	<u>\$ 5,351,380.59</u>		

Compensated Absences

Authority employees may accumulate unused sick days up to a maximum of 75 days. Up to 5 vacation days not used during the year may be carried forward for one year (based upon the anniversary date of the employee). Upon separation from the Authority, the employee will be paid for all accrued time at their current hourly rate. The accrued liability for compensated absences at January 31, 2020 and 2019 is estimated to be \$175,760.64 and \$166,439.67.

Net Pension Liability

For details on the net pension liability, see the Pension Plans section of this note that follows. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Net OPEB Liability**

For details on other postemployment benefits, see the Postemployment Benefits Other Than Pensions (OPEB) section of this note that follows. The Authority's contributions to the postemployment benefits plan are budgeted and paid as they are due.

Pension Plans

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. The DCRP pension plan is administered by Prudential Financial for the Division. Each pension plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS pension plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- | | |
|---|--|
| 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 21, 2010 |
| 4 | Members who were eligible to enroll after May 21, 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

The Authority's contractually required contribution rate for the fiscal years ended January 31, 2020 and 2019 was 13.40% and 14.52% of the Authority's covered payroll, respectively. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the fiscal year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the Authority's contractually required contribution to the pension plan for the fiscal year ended January 31, 2020 was \$213,834.00, and was payable by April 1, 2020. Based on the PERS measurement date of June 30, 2018, the Authority's contractually required contribution to the pension plan for the fiscal year ended January 31, 2019 was \$227,747.00, and was payable by April 1, 2019. Employee contributions to the pension plan during the fiscal years ended January 31, 2020 and 2019 were \$120,596.14 and \$118,471.63, respectively.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, DCRP members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal years ended January 31, 2020 and 2019, there were no employees participating in DCRP.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS

At January 31, 2020, the Authority's proportionate share of the net pension liability was \$3,961,080.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. 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. For the June 30, 2019 measurement date, the Authority's proportion was .0219834281%, which was a decrease of .0009131523% from its proportion measured as of June 30, 2018.

At January 31, 2019, the Authority's proportionate share of the net pension liability was \$4,508,223.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. 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. For the June 30, 2018 measurement date, the Authority's proportion was .0228965804%, which was an increase of .0016317439% from its proportion measured as of June 30, 2017.

For the fiscal years ended January 31, 2020 and 2019, the Authority recognized pension expense of \$287,030.00 and \$393,002.00, respectively. These amounts were based on the plan's June 30, 2019 and 2018 measurement dates, respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to PERS – PERS (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At January 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>January 31, 2020</u>		<u>January 31, 2019</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2019</u>		<u>June 30, 2018</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience	\$ 71,096.00	\$ 17,498.00	\$ 85,972.00	\$ 23,246.00
Changes of Assumptions	395,528.00	1,374,878.00	742,880.00	1,441,490.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	62,527.00	-	42,287.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	534,225.00	261,837.00	737,631.00	155,015.00
Authority Contributions Subsequent to the Measurement Date	124,737.00	-	132,852.00	-
	<u>\$ 1,125,586.00</u>	<u>\$ 1,716,740.00</u>	<u>\$ 1,699,335.00</u>	<u>\$ 1,662,038.00</u>

The deferred outflows of resources related to pensions totaling \$124,737.00 and \$132,852.00 will be included as a reduction of the net pension liability in the fiscal years ended January 31, 2021 and 2020, respectively. These amounts are based on an estimated April 1, 2021 and April 1, 2020 contractually required contribution, prorated from the pension plans measurement date of June 30, 2019 and June 30, 2018 to the Authority's fiscal year end of January 31, 2020 and 2019.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (benefit) expense as follows:

Fiscal Year Ending January 31,	
2021	\$ (18,580.00)
2022	(267,260.00)
2023	(251,655.00)
2024	(154,087.00)
2025	<u>(24,309.00)</u>
	<u>\$ (715,891.00)</u>

Actuarial Assumptions – PERS

The net pension liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019 and 2018. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date <u>June 30, 2019</u>	Measurement Date <u>June 30, 2018</u>
Inflation Rate:		
Price	2.75%	2.25%
Wage	3.25%	2.25%
Salary Increases:		
Through 2026	2.00% - 6.00%	6.65% - 5.15%
	Based on Years of Service	Based on Age
Thereafter	3.00% - 7.00%	1.65% - 4.15%
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2011 - June 30, 2014

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

For the June 30, 2019 measurement date, 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 is based on Scale MP-2019.

For the June 30, 2018 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019 and 2018) 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 rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 and 2018 are summarized in the table on the following page.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Actuarial Assumptions – PERS (Cont'd)

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2019</u>		<u>Measurement Date</u> <u>June 30, 2018</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
High Yield	2.00%	5.37%	2.50%	6.82%
Private Credit	6.00%	7.92%		
Global Diversified Credit			5.00%	7.10%
Credit Oriented Hedge Funds			1.00%	6.60%
Debt Related Private Equity			2.00%	10.63%
Debt Related Real Estate			1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Real Estate	7.50%	8.33%	6.25%	9.23%
U.S. Equity	28.00%	8.26%	30.00%	8.19%
Non-U.S. Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
Buyouts/Venture Capital			8.25%	13.08%
Private Equity	12.00%	10.85%		
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28%. The single blended discount rate as based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from pension plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

Discount Rate (Cont'd) - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66%. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from pension plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2046; therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate – PERS

The following presents the Authority's proportionate share of the net pension liability at June 30, 2019, the pension plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<u>January 31, 2020</u>		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 5,003,488.00</u>	<u>\$ 3,961,080.00</u>	<u>\$ 3,082,704.00</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2018, the pension plan's measurement date, calculated using a discount rate of 5.66%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<u>January 31, 2019</u>		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 5,668,570.00</u>	<u>\$ 4,508,223.00</u>	<u>\$ 3,534,765.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plan Fiduciary Net Position – PERS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the pension plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan**General Information about the OPEB Plan**

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

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating 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.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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 provided 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.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the OPEB Plan (Cont'd)**

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Authority was billed monthly by the Plan and for the fiscal years ended January 31, 2020 and 2019, the Authority paid \$107,992.08 and \$156,609.88, respectively. These amounts represent 6.77% and 9.98% of the Authority's covered payroll. Retiree's contributions for the fiscal years ended 2020 and 2019 were not made available by the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The Authority does not have a Special Funding Situation within the Plan.

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At January 31, 2020, the Authority's proportionate share of the net OPEB liability was \$4,602,955.00. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Authority's proportion was .033980% which was a decrease of .000781% from its proportion measured as of the June 30, 2018 measurement date.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

OPEB Liability (Cont'd) - At January 31, 2019, the Authority's proportionate share of the net OPEB liability was \$5,445,873.00. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Authority's proportion was .034761% which was a decrease of .001458% from its proportion measured as of the June 30, 2017 measurement date.

OPEB (Benefit) Expense - At January 31, 2020, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$151,575.00). As previously mentioned, for the fiscal year ended January 31, 2020, the Authority made contributions to the Plan totaling \$107,992.08.

At January 31, 2019, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2018 measurement date is \$125,411.00. As previously mentioned, for the fiscal year ended January 31, 2019, the Authority made contributions to the Plan totaling \$156,609.88.

Deferred Outflows of Resources and Deferred Inflows of Resources

At January 31, 2020 and 2019, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>January 31, 2020</u>		<u>January 31, 2019</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 1,346,083.00	\$ -	\$ 1,105,707.00
Changes of Assumptions	-	1,631,185.00	-	1,381,417.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,792.00	-	2,878.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	-	636,885.00	-	567,386.00
Authority Contributions Subsequent to the Measurement Date	62,977.38	-	-	-
	<u>\$ 66,769.38</u>	<u>\$ 3,614,153.00</u>	<u>\$ 2,878.00</u>	<u>\$ 3,054,510.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The deferred outflows of resources related to OPEB totaling \$62,977.38 and \$0.00 were the result of the Authority's contributions subsequent to the Plan's measurement date of June 30, 2019 and June 30, 2018, respectively. These amounts will be included as a reduction of the Authority's net OPEB liability during the fiscal year ending January 31, 2021 and January 31, 2020, respectively.

The Authority will amortize the other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)****Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Fiscal Year Ending Jan. 31,		
2021	\$	(592,956.00)
2022		(592,956.00)
2023		(593,254.00)
2024		(593,734.00)
2025		(594,173.00)
Thereafter		(643,288.00)
		<u>\$ (3,610,361.00)</u>

Actuarial Assumptions

The actuarial valuation at June 30, 2019 and 2018 used the following actuarial assumptions, applied to all periods in the measurement:

	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Inflation Rate	2.50%	2.50%
Salary Increases *		
PERS:		
Initial Fiscal Year Applied:		
Rate Through 2026	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%

* The June 30, 2019 assumptions for salaries were based on years of service, and the June 30, 2018 assumptions for salaries were based on the defined benefit plan that the member is enrolled in and his or her age.

For the June 30, 2019 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PERS experience study prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions (Cont'd)**

For the June 30, 2018 measurement date, Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Actuarial assumptions used in the July 1, 2017 valuation were based on the results of the PERS experience study prepared for July 1, 2011 to June 30, 2014.

100% of active members in both the June 30, 2019 and June 30, 2018 measurement dates are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 and 2018 were 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. 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.

Health Care Trend Assumptions - For the June 30, 2019 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

For the June 30, 2018 measurement date, the trend rate for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability as of June 30, 2019, the plans measurement date, for the Authority calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Authority's Proportionate Share of the Net OPEB Liability	\$ 5,322,187.00	\$ 4,602,955.00	\$ 4,018,484.00

The net OPEB liability as of June 30, 2018, the plans measurement date, for the Authority calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Authority's Proportionate Share of the Net OPEB Liability	\$ 6,389,449.00	\$ 5,445,873.00	\$ 4,692,169.00

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The Authority's proportionate share of the net OPEB liability as of June 30, 2019, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	January 31, 2020		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 3,884,327.00	\$ 4,602,955.00	\$ 5,519,686.00

The Authority's proportionate share of the net OPEB liability as of June 30, 2018, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	January 31, 2019		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 4,542,731.00	\$ 5,445,873.00	\$ 6,614,673.00

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan****General Information about the OPEB Plan****Plan Description and Benefits Provided**

In addition to the State Health Benefits plan described above, the Authority also provides benefits to employees that have retired from the Authority. The Authority provides family prescription and medical insurance, and 50% of the Medicare B deduction from the employee's social security for both the employee and the spouse.

Employees Covered by Benefit Terms

At January 31, 2020 and January 31, 2019, the following employees were covered by the benefit terms:

	<u>January 31, 2020</u>	<u>January 31, 2019</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	13	12
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments		
Active Employees	<u>31</u>	<u>30</u>
	<u>44</u>	<u>42</u>

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of \$2,363,040.00 as of January 31, 2020 and \$1,748,141.00 as of January 31, 2019 was measured as of January 31, 2020 and January 31, 2019, respectively. The liabilities were determined by an actuarial valuation as of February 1, 2020 and February 1, 2019, respectively.

Actuarial Assumptions and Other Inputs

The following actuarial assumptions and other inputs, applied to all periods included in the January 31, 2020 measurement, unless otherwise specified:

Inflation	2.5% Annually
Salary Increases	3.0% Annually
Discount Rate	2.54%
Healthcare Cost Trend Rates	
Medical (Post-65)	4.5%
Prescription	7.5%
Medicare Part B	4.5%
Dental	4.0%
Retirees' Share of Benefit-Related Costs	Pursuant to Chapter 78

The discount rate was based on the 20 year Municipal AA bond rate.

Mortality rates were based on RP-2014 Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2018.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Actuarial Assumptions and Other Inputs (Cont'd)**

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2018 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale.

An experience study was not performed on the actuarial assumptions used in the February 1, 2020 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the years ended January 31, 2020 and 2019, respectively:

	<u>January 31, 2020</u>	<u>January 31, 2019</u>
Balance at Beginning of Year	\$ 1,748,141.00	\$ 1,978,499.00
Changes for the Year:		
Service Cost	32,763.00	32,652.00
Interest Cost	69,670.00	68,623.00
Benefit Payments	(78,327.00)	(209,920.00)
Changes of Assumptions	696,110.00	(115,255.00)
Differences Between Expected and Actual Demographic Experience	<u>(105,317.00)</u>	<u>(6,458.00)</u>
Net Changes	<u>614,899.00</u>	<u>(230,358.00)</u>
Balance at End of Year	<u>\$ 2,363,040.00</u>	<u>\$ 1,748,141.00</u>

There were no changes of benefit terms or changes of assumptions at January 31, 2020 and 2019.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	<u>January 31, 2020</u>		
	1.00% Decrease <u>(1.54%)</u>	Current Discount Rate <u>(2.54%)</u>	1.00% Increase <u>(3.54%)</u>
Total OPEB Liability	<u>\$2,853,813.00</u>	<u>\$2,363,040.00</u>	<u>\$1,983,948.00</u>

	<u>January 31, 2019</u>		
	1.00% Decrease <u>(3.00%)</u>	Current Discount Rate <u>(4.00%)</u>	1.00% Increase <u>(5.00%)</u>
Total OPEB Liability	<u>\$2,031,136.00</u>	<u>\$1,748,141.00</u>	<u>\$1,523,580.00</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>January 31, 2020</u>		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	<u>\$ 1,947,867.00</u>	<u>\$ 2,363,040.00</u>	<u>\$ 2,924,332.00</u>

	<u>January 31, 2019</u>		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	<u>\$ 1,510,935.00</u>	<u>\$ 1,748,141.00</u>	<u>\$ 2,055,134.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal years ended January 31, 2020 and 2019, the Authority recognized OPEB expense of \$185,185.00 and \$85,562.00. At January 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	January 31, 2020		January 31, 2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 590,900.00	\$ 76,837.00	\$ 14,410.00	\$ 96,046.00
Differences Between Expected and Actual Demographic Experience	<u>2,911.00</u>	<u>92,070.00</u>	<u>3,881.00</u>	<u>5,382.00</u>
	<u>\$ 593,811.00</u>	<u>\$ 168,907.00</u>	<u>\$ 18,291.00</u>	<u>\$ 101,428.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

Fiscal Year Ending January 31,	
2021	\$ 82,752.00
2022	82,752.00
2023	82,755.00
2024	78,177.00
2025	98,468.00
Thereafter	<u>-</u>
	<u>\$ 424,904.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plans**

At January 31, 2020, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	<u>Balance</u> <u>January 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>January 31, 2020</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 2,878.00	\$ 64,508.97	\$ (617.59)	\$ 66,769.38
Authority Plan	18,291.00	696,110.00	(120,590.00)	593,811.00
Total Deferred Outflows of Resources - Related to OPEB	<u>\$ 21,169.00</u>	<u>\$ 760,618.97</u>	<u>\$ (121,207.59)</u>	<u>\$ 660,580.38</u>
Net OPEB Liability				
State Plan	\$ 5,445,873.00	\$ 2,906,727.00	\$ (3,749,645.00)	\$ 4,602,955.00
Authority Plan	1,748,141.00	798,543.00	(183,644.00)	2,363,040.00
Total Net OPEB Liability	<u>\$ 7,194,014.00</u>	<u>\$ 3,705,270.00</u>	<u>\$ (3,933,289.00)</u>	<u>\$ 6,965,995.00</u>
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 3,054,510.00	\$ 1,153,216.59	\$ (593,573.59)	\$ 3,614,153.00
Authority Plan	101,428.00	105,317.00	(37,838.00)	168,907.00
Total Deferred Inflows of Resources - Related to OPEB	<u>\$ 3,155,938.00</u>	<u>\$ 1,258,533.59</u>	<u>\$ (631,411.59)</u>	<u>\$ 3,783,060.00</u>

At January 31, 2019, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	<u>Balance</u> <u>January 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>January 31, 2019</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 1,267.00	\$ 2,033.60	\$ (422.60)	\$ 2,878.00
Authority Plan	22,863.00	-	(4,572.00)	18,291.00
Total Deferred Outflows of Resources - Related to OPEB	<u>\$ 24,130.00</u>	<u>\$ 2,033.60</u>	<u>\$ (4,994.60)</u>	<u>\$ 21,169.00</u>
Net OPEB Liability				
State Plan	\$ 7,394,395.00	\$ 1,272,281.00	\$ (3,220,803.00)	\$ 5,445,873.00
Authority Plan	1,978,499.00	101,275.00	(331,633.00)	1,748,141.00
Total Net OPEB Liability	<u>\$ 9,372,894.00</u>	<u>\$ 1,373,556.00</u>	<u>\$ (3,552,436.00)</u>	<u>\$ 7,194,014.00</u>
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 1,143,992.00	\$ 2,362,258.60	\$ (451,740.60)	\$ 3,054,510.00
Authority Plan	-	121,713.00	(20,285.00)	101,428.00
Total Deferred Inflows of Resources - Related to OPEB	<u>\$ 1,143,992.00</u>	<u>\$ 2,483,971.60</u>	<u>\$ (472,025.60)</u>	<u>\$ 3,155,938.00</u>

Note 6: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**Connection Fees**

The Authority receives payments for connection fees when new users connect to the water and/or sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered a non-exchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

Note 7: COMMITMENTS

The Authority had several outstanding or planned construction projects as of January 31, 2020. These projects are evidenced by a contractual commitment with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
General Reserve:		
Well 20 Modifications	\$ 67,800.00	\$ 58,898.85
High Service Pump	113,001.75	15.20
Asset Management Plan	43,850.00	435.37
	<u>\$ 224,651.75</u>	<u>\$ 59,349.42</u>

Note 8: DEFERRED COMPENSATION

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

Note 9: RISK MANAGEMENT

The Authority is a member of New Jersey Utility Authorities Joint Insurance Fund. The Fund provides the Authority with the following coverage:

Property – Blanket Building and Grounds
 Broiler and Machinery
 General and Automobile Liability
 Workers' Compensation
 Public Officials Liability
 Environmental Liability

Contributions to the Fund, including a reserve for contingencies are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000.00 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2019, which can be obtained from:

New Jersey Utility Authorities Joint Insurance Fund
 9 Campus Drive, Suite 216
 Parsippany, New Jersey 07054

Note 10: CONTINGENCIES

Litigation - The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 11: SUBSEQUENT EVENTS

Unrestricted Net Position – Subsequent to January 31, the Authority appropriated net position as follows:

<u>Date</u>	<u>Resolution</u>	<u>Purpose</u>	<u>Authorization</u>
07/28/20	2020-041	Well 18 Media Replacement	\$ 220,000.00
07/28/20	2020-042	Computer Hardware and Software	32,000.00
09/08/20	2020-064	Camel Max Series 1200 Jetter	425,000.00
			\$ 677,000.00

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2020.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Authority Plan
 Last Three Fiscal Years

Total OPEB Liability	2020	2019	2018
Service Cost	\$ 32,763.00	\$ 32,652.00	\$ 31,359.00
Interest Cost	69,670.00	68,623.00	75,417.00
Benefit Payments	(78,327.00)	(209,920.00)	(218,023.00)
Actuarial Assumption Changes	696,110.00	(115,255.00)	21,614.00
Actuarial Demographic Gains	(105,317.00)	(6,458.00)	5,821.00
Net Change in Total OPEB Liability	614,899.00	(230,358.00)	(83,812.00)
Total OPEB Liability - Beginning of Fiscal Year	1,748,141.00	1,978,499.00	2,062,311.00
Total OPEB Liability - End of Fiscal Year	<u>\$ 2,363,040.00</u>	<u>\$ 1,748,141.00</u>	<u>\$ 1,978,499.00</u>
Covered-Employee Payroll	\$ 1,595,445.00	\$ 1,568,919.00	\$ 1,603,288.00
Total OPEB Liability as a Percentage of Covered Employee Payroll	148.11%	111.42%	123.40%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share
 of the Net OPEB Liability - State Plan
 Last Three Plan Years

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.033980%	0.034761%	0.036219%
Authority's Proportionate Share of the Net OPEB Liability	\$ 4,602,955.00	\$ 5,445,873.00	\$ 7,394,395.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,595,445.00	\$ 1,568,919.00	\$ 1,603,288.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	288.51%	347.11%	461.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's OPEB Contributions - State Plan
 Last Three Fiscal Years

	<u>Fiscal Year Ended January 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's Required Contributions	\$ 107,992.08	\$ 156,609.88	\$ 137,459.94
Authority's Contributions in Relation to the Required Contribution	<u>(107,992.08)</u>	<u>(156,609.88)</u>	<u>(137,459.94)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Fiscal Year)	\$ 1,595,445.00	\$ 1,568,919.00	\$ 1,603,288.00
Authority's Contributions as a Percentage of Covered Payroll	6.77%	9.98%	8.57%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Seven Plan Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net Pension Liability	0.0219834281%	0.0228965804%	0.0212648365%
Authority's Proportionate Share of the Net Pension Liability	\$ 3,961,080.00	\$ 4,508,223.00	\$ 4,950,114.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,577,600.00	\$ 1,607,920.00	\$ 1,473,220.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	251.08%	280.38%	336.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%
	<u>Measurement Date Ending June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.0184373743%	0.0201288354%	0.0194161573%
Authority's Proportionate Share of the Net Pension Liability	\$ 5,460,621.00	\$ 4,518,520.00	\$ 3,635,236.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,268,364.00	\$ 1,388,496.00	\$ 1,342,740.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	430.52%	325.43%	270.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%
	<u>Measurement Date Ending June 30,</u>		
	<u>2013</u>		
Authority's Proportion of the Net Pension Liability	0.0193634977%		
Authority's Proportionate Share of the Net Pension Liability	\$ 3,700,749.00		
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,335,736.00		
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	277.06%		
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.72%		

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Pension Contributions
 Public Employees' Retirement System (PERS)
 Last Seven Fiscal Years

	Fiscal Year Ended January 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's Contractually Required Contribution	\$ 213,834.00	\$ 227,747.00	\$ 196,996.00
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(213,834.00)</u>	<u>(227,747.00)</u>	<u>(196,996.00)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Fiscal Year)	\$ 1,595,445.00	\$ 1,568,919.00	\$ 1,603,288.00
Authority's Contributions as a Percentage of Covered Payroll	13.40%	14.52%	12.29%
	Fiscal Year Ended January 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's Contractually Required Contribution	\$ 163,795.00	\$ 173,054.00	\$ 160,064.00
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(163,795.00)</u>	<u>(173,054.00)</u>	<u>(160,064.00)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Fiscal Year)	\$ 1,474,569.00	\$ 1,279,522.00	\$ 1,360,858.00
Authority's Contributions as a Percentage of Covered Payroll	11.11%	13.52%	11.76%
	Fiscal Year Ended January 31,		
	<u>2014</u>		
Authority's Contractually Required Contribution	\$ 145,900.00		
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(145,900.00)</u>		
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>		
Authority's Covered Payroll (Fiscal Year)	\$ 1,318,182.00		
Authority's Contributions as a Percentage of Covered Payroll	11.07%		

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information
For the Fiscal Year Ended January 31, 2020

Note 1: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLANChanges in Benefit Terms

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS and July 1, 2014 - June 30, 2018 PERS experience studies. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - AUTHORITY PLANChanges in Benefit Terms

None

Changes in Assumptions

In 2020, the discount rate changed to 2.54% from 4.00%, and there were changes in the Healthcare cost trend assumptions. For mortality, the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality Projected with Scape MP-2018 was used.

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information
For the Fiscal Year Ended January 31, 2020

Note 3: POSTEMPLOYMENT BENEFITS - PENSION**Public Employees' Retirement System (PERS)**Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

Public Employees' Retirement System (PERS) (Cont'd)

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 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 was used. For healthy retirees and beneficiaries, 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 was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

SUPPLEMENTARY SCHEDULES

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended January 31, 2020

	Operating	General Reserve	Restricted				Unemployment	Total
			Construction	Debt Service Reserve	Debt Service	Renewal and Replacement		
Operating Revenues:								
Utility Service Charges	\$ 11,791,105.28							\$ 11,791,105.28
Connection Fees	780,993.00							780,993.00
Other Operating Revenues	221,493.56						\$ 3,193.47	224,687.03
	<u>12,793,591.84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,193.47</u>	<u>12,796,785.31</u>
Operating Expenses:								
Administration:								
Salaries and Wages	622,064.98							622,064.98
Employee Benefits	592,608.82							592,608.82
Other Expenses	385,438.42							385,438.42
Cost of Providing Service:								
Salaries and Wages	1,127,093.78							1,127,093.78
Employee Benefits	463,163.61							463,163.61
Other Expenses	6,140,357.50							6,140,357.50
Major Repairs and Other Expenses		\$ 74,067.47						74,067.47
Depreciation		2,233,299.15						2,233,299.15
	<u>9,330,727.11</u>	<u>2,307,366.62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,638,093.73</u>
Operating Income (Loss)	3,462,864.73	(2,307,366.62)	-	-	-	-	3,193.47	1,158,691.58
Non-operating Revenue (Expenses):								
Investment Income	70,731.73	185,682.10		\$ 27,243.00	\$ 25,091.33	\$ 18,104.00	567.56	327,419.72
Interest on Debt		4,770.96	\$ 30,576.03		(346,886.26)			(311,539.27)
Interlocal Service Agreement	52,750.00							52,750.00
Tower Rental	510,519.87							510,519.87
Income (Loss) Before Transfers and Contributions	4,096,866.33	(2,116,913.56)	30,576.03	27,243.00	(321,794.93)	18,104.00	3,761.03	1,737,841.90
Contributions of Capital Transfers	(4,030,532.58)	519,709.00	852,587.30	(27,243.00)	906,110.99	(18,104.00)		519,709.00
	<u>(4,030,532.58)</u>	<u>2,317,181.29</u>	<u>852,587.30</u>	<u>(27,243.00)</u>	<u>906,110.99</u>	<u>(18,104.00)</u>		
Increase in Net Position	66,333.75	719,976.73	883,163.33	-	584,316.06	-	3,761.03	2,257,550.90
Net Position February 1	2,609,495.00	14,362,640.34	3,661,795.18	1,504,807.02	1,689,410.96	1,000,000.00	41,958.24	24,870,106.74
Net Position January 31:								
Net Investment in Capital Assets		20,749,758.92	\$ 4,544,958.51					25,294,717.43
Restricted	\$ 2,675,828.75			\$ 1,504,807.02		\$ 1,000,000.00	\$ 45,719.27	5,226,355.04
Unrestricted (Deficit)		\$ (5,667,141.85)			\$ 2,273,727.02			\$ (3,393,414.83)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Anticipated Revenues, Operating Appropriations, Principal Payments and
 Non-Operating Appropriations Compared To Budget -- Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended January 31, 2020

	Adopted Budget	Transfers/ Modifications	Adopted and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Fees	\$ 7,253,000.00		\$ 7,253,000.00	\$ 7,491,890.00	\$ 238,890.00
Connection Fees				286,737.50	286,737.50
Other Operating Revenues	70,000.00		70,000.00	91,929.03	21,929.03
Total Operating Revenues	7,323,000.00	-	7,323,000.00	7,870,556.53	547,556.53
Non-Operating Revenues:					
Interest on Investments and Deposits	25,000.00		25,000.00	198,976.73	173,976.73
Other Non-Operating Revenues	26,375.00		26,375.00	27,489.98	1,114.98
Total Non-Operating Revenues	51,375.00	-	51,375.00	226,466.71	175,091.71
Total Anticipated Revenues	7,374,375.00	-	7,374,375.00	8,097,023.24	722,648.24
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Board Members	3,200.00		3,200.00	3,011.14	188.86
Office Administration	310,000.00		310,000.00	305,088.17	4,911.83
Total Salaries and Wages	313,200.00	-	313,200.00	308,099.31	5,100.69
Employee Benefits:					
Social Security	25,000.00	\$ 25.00	25,025.00	25,019.15	5.85
Deferred Compensation Match	9,000.00	(25.00)	8,975.00	7,512.39	1,462.61
Worker's Compensation	22,500.00		22,500.00	7,864.17	14,635.83
PERS	39,100.00		39,100.00	38,880.00	220.00
Health Benefits	282,838.00		282,838.00	228,681.73	54,156.27
Prescription Plan	50,000.00		50,000.00	20,850.41	29,149.59
Continuing Education	2,000.00		2,000.00	82.50	1,917.50
Total Employee Benefits	430,438.00	-	430,438.00	328,890.35	101,547.65
Other Expenses:					
Office Supplies	10,000.00	(2,500.00)	7,500.00	2,788.99	4,711.01
Computer Expense	7,500.00	3,000.00	10,500.00	10,483.92	16.08
Maintenance Contracts	27,500.00	(500.00)	27,000.00	17,428.25	9,571.75
Billing Expenses	25,000.00		25,000.00	14,701.33	10,298.67
Accounting Fees	25,000.00		25,000.00	22,667.14	2,332.86
Trustee Fees	11,000.00	650.00	11,650.00	9,400.00	2,250.00
Consulting Fees	6,000.00	(650.00)	5,350.00	2,875.00	2,475.00
Insurance	62,500.00	(7,500.00)	55,000.00	40,224.16	14,775.84
Legal Fees	25,000.00	9,500.00	34,500.00	34,497.95	2.05
Engineering Fees	25,000.00	(2,000.00)	23,000.00	16,086.08	6,913.92
Public Relations	4,000.00	(750.00)	3,250.00	1,849.00	1,401.00
Telephone	16,000.00	1,250.00	17,250.00	16,913.96	336.04
Miscellaneous Expenses	2,500.00	(500.00)	2,000.00	(1,947.41)	3,947.41
Total Other Expenses	247,000.00	-	247,000.00	187,968.38	59,031.63
Total Administration	990,638.00	-	990,638.00	824,958.04	165,679.97
Cost of Providing Service:					
Salaries and Wages:					
Plant Salaries	750,750.00	-	750,750.00	727,182.41	23,567.59

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Anticipated Revenues, Operating Appropriations, Principal Payments and
 Non-Operating Appropriations Compared To Budget -- Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended January 31, 2020

	Adopted Budget	Transfers/ Modifications	Adopted and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Providing Service (Cont'd):					
Employee Benefits:					
Social Security	\$ 65,000.00		\$ 65,000.00	\$ 52,846.34	\$ 12,153.66
Deferred Compensation Match	16,575.00		16,575.00	12,002.26	4,572.74
Workman's Compensation	29,250.00		29,250.00	10,223.41	19,026.59
PERS	98,900.00		98,900.00	98,342.00	558.00
Health Benefits	223,863.00		223,863.00	200,070.20	23,792.80
Continuing Education	7,500.00		7,500.00	2,247.89	5,252.11
Total Employee Benefits	441,088.00	-	441,088.00	375,732.10	65,355.90
Other Expenses:					
Electric Power	200,000.00	\$ (32,000.00)	168,000.00	164,662.74	3,337.26
Gas Oil - Heating	16,000.00	(3,000.00)	13,000.00	9,935.17	3,064.83
Chemicals	10,000.00	(7,000.00)	3,000.00	2,845.72	154.28
Transportation	70,000.00	(11,700.00)	58,300.00	41,863.82	16,436.18
Plant Supplies	30,000.00	(6,000.00)	24,000.00	23,273.57	726.43
Maintenance Contracts	12,000.00	(1,300.00)	10,700.00	10,609.29	90.71
Repairs and Maintenance	125,000.00	(6,000.00)	119,000.00	115,972.01	3,027.99
Dues and Licenses	2,000.00		2,000.00	385.90	1,614.10
Sewage Treatment-GCUA	4,250,000.00	175,000.00	4,425,000.00	4,424,745.75	254.25
Emergency Repairs	125,000.00	42,000.00	167,000.00	165,782.73	1,217.27
Licensed Operator	123,500.00		123,500.00	121,485.00	2,015.00
Total Other Expenses	4,963,500.00	150,000.00	5,113,500.00	5,081,561.70	31,938.30
Total Cost of Providing Service	6,155,338.00	150,000.00	6,305,338.00	6,184,476.21	120,861.79
Principal Payments on Debt Service in Lieu of Depreciation					
	407,993.00	-	407,993.00	407,991.85	1.15
Non-Operating Appropriations:					
Interest on Debt	105,038.00	-	105,038.00	105,038.63	(0.63)
Total Non-Operating Appropriations	105,038.00	-	105,038.00	105,038.63	(0.63)
Total Budget Appropriations	7,659,007.00	150,000.00	7,809,007.00	7,522,464.73	286,542.28
Unrestricted Net Position to Balance Budget:					
Other	(284,632.00)	(150,000.00)	(434,632.00)	-	(434,632.00)
Total Unrestricted Net Position to Balance Budget	(284,632.00)	(150,000.00)	(434,632.00)	-	(434,632.00)
Total Appropriations Less Unrestricted Net Position	7,374,375.00	-	7,374,375.00	7,522,464.73	(148,089.73)
Excess Budgetary Revenues Over Budgetary Appropriations	\$ -	\$ -	\$ -	\$ 574,558.51	\$ 574,558.51

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Water Anticipated Revenues, Operating Appropriations, Principal Payments and
 Non-Operating Appropriations Compared To Budget -- Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended January 31, 2020

	Adopted Budget	Transfers/ Modifications	Adopted and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Fees	\$ 4,017,000.00		\$ 4,017,000.00	\$ 4,299,215.28	\$ 282,215.28
Connection Fees				494,255.50	494,255.50
Other Operating Revenues	55,000.00		55,000.00	129,564.53	74,564.53
Total Operating Revenues	4,072,000.00	-	4,072,000.00	4,923,035.31	851,035.31
Non-Operating Revenues:					
Interest on Investments and Deposits	25,000.00		25,000.00	128,442.99	103,442.99
Other Non-Operating Revenues	451,375.00		451,375.00	535,779.90	84,404.89
Total Non-Operating Revenues	476,375.00	-	476,375.00	664,222.88	187,847.88
Total Anticipated Revenues	4,548,375.00	-	4,548,375.00	5,587,258.19	1,038,883.19
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Board Members	3,200.00		3,200.00	3,010.66	189.34
Office Administration	310,000.00		310,000.00	305,225.18	4,774.82
Total Salaries and Wages	313,200.00	-	313,200.00	308,235.84	4,964.16
Employee Benefits:					
Social Security	25,000.00	\$ 25.00	25,025.00	25,019.15	5.85
Deferred Compensation Match	9,000.00	(25.00)	8,975.00	7,512.39	1,462.61
Worker's Compensation	22,500.00		22,500.00	7,864.17	14,635.83
PERS	39,100.00		39,100.00	38,880.00	220.00
Health Benefits	282,838.00		282,838.00	228,680.19	54,157.81
Prescription Plan	50,000.00		50,000.00	20,850.29	29,149.71
Continuing Education	2,000.00		2,000.00	82.50	1,917.50
Total Employee Benefits	430,438.00	-	430,438.00	328,888.69	101,549.31
Other Expenses:					
Office Supplies	10,000.00	(2,500.00)	7,500.00	2,788.87	4,711.13
Computer Expense	7,500.00	3,000.00	10,500.00	10,483.85	16.15
Maintenance Contracts	27,500.00	(500.00)	27,000.00	17,428.00	9,572.00
Billing Expenses	25,000.00		25,000.00	14,701.27	10,298.73
Accounting Fees	25,000.00		25,000.00	22,667.14	2,332.86
Trustee Fees	30,000.00		30,000.00	14,233.00	15,767.00
Consulting Fees	6,000.00		6,000.00	2,875.00	3,125.00
Insurance	62,500.00	(7,500.00)	55,000.00	40,224.17	14,775.83
Legal Fees	25,000.00	9,500.00	34,500.00	34,497.95	2.05
Engineering Fees	25,000.00	(2,000.00)	23,000.00	16,086.03	6,913.97
Public Relations	10,000.00	(750.00)	9,250.00	9,090.17	159.83
Telephone	16,000.00	1,250.00	17,250.00	16,913.77	336.23
Miscellaneous Expenses	2,500.00	(500.00)	2,000.00	686.70	1,313.31
Total Other Expenses	272,000.00	-	272,000.00	202,675.92	69,324.09
Total Administration	1,015,638.00	-	1,015,638.00	839,800.45	175,837.56
Cost of Providing Service:					
Salaries and Wages					
Plant Salaries	404,250.00		404,250.00	389,725.00	14,525.00

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Water Anticipated Revenues, Operating Appropriations, Principal Payments and
 Non-Operating Appropriations Compared To Budget -- Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended January 31, 2020

	Adopted Budget	Transfers/ Modifications	Adopted and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Providing Service (Cont'd):					
Employee Benefits:					
Social Security	\$ 35,000.00		\$ 35,000.00	\$ 28,439.61	\$ 6,560.39
Deferred Compensation Match	8,925.00		8,925.00	6,954.62	1,970.38
Workman's Compensation	15,750.00		15,750.00	5,504.92	10,245.08
PERS	52,900.00		52,900.00	52,601.00	299.00
Health Benefits	120,541.00		120,541.00	107,967.82	12,573.18
Continuing Education	7,500.00		7,500.00	1,821.70	5,678.30
Total Employee Benefits	240,616.00	-	240,616.00	203,289.67	37,326.33
Other Expenses:					
Electric Power	625,000.00		625,000.00	502,702.95	122,297.05
Gas Oil - Heating	16,000.00		16,000.00	9,935.07	6,064.93
Chemicals	125,000.00		125,000.00	71,357.89	53,642.11
Transportation	70,000.00	\$ (2,700.00)	67,300.00	36,214.13	31,085.87
Plant Supplies	30,000.00	1,000.00	31,000.00	30,935.70	64.30
Maintenance Contracts	16,000.00	1,700.00	17,700.00	17,649.28	50.72
Repairs and Maintenance	95,000.00		95,000.00	53,641.00	41,359.00
Dues and Licenses	8,000.00		8,000.00	4,232.60	3,767.40
Meter Expense	225,000.00		225,000.00	186,701.51	38,298.49
Water Diversion	40,000.00		40,000.00	35,065.97	4,934.03
Lab Testing	40,000.00	5,000.00	45,000.00	44,136.07	863.93
Service Wells	150,000.00	(55,000.00)	95,000.00	33,256.80	61,743.20
Emergency Repairs	125,000.00	50,000.00	175,000.00	172,660.47	2,339.53
Licensed Operator	66,500.00		66,500.00	65,415.00	1,085.00
Total Other Expenses	1,631,500.00	-	1,631,500.00	1,263,904.44	367,595.56
Total Cost of Providing Service	2,276,366.00	-	2,276,366.00	1,856,919.11	419,446.89
Principal Payments on Debt Service in Lieu of Depreciation	1,153,019.00	-	1,153,019.00	1,153,017.25	1.75
Non-Operating Appropriations:					
Interest on Debt	267,015.00	-	267,015.00	267,012.64	2.36
Total Non-Operating Appropriations	267,015.00	-	267,015.00	267,012.64	2.36
Total Budget Appropriations	4,712,038.00	-	4,712,038.00	4,116,749.45	595,288.56
Unrestricted Net Position to Balance Budget:					
Other	(163,663.00)	-	(163,663.00)	-	(163,663.00)
Total Unrestricted Net Position to Balance Budget	(163,663.00)	-	(163,663.00)	-	(163,663.00)
Total Appropriations Less Unrestricted Net Position	4,548,375.00	-	4,548,375.00	4,116,749.45	431,625.56
Excess Budgetary Revenues Over Budgetary Appropriations	\$ -	\$ -	\$ -	\$ 1,470,508.75	\$ 1,470,508.75

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Required Supplemental Information
 Reconciliation of Budgetary Revenues and Expenses with GAAP Revenues and Expenses
 For the Fiscal Year Ended January 31, 2020

Reconciliation to Operating Income

Excess Budgetary Revenues Over Budgetary Appropriations:

Sewer Utility - Schedule 2	\$ 574,558.51	
Water Utility - Schedule 3	1,470,508.75	
	<u>1,470,508.75</u>	\$ 2,045,067.26

Add:

Bond Principal Payments	1,561,009.10	
Interest on Debt	372,051.27	
Employee Unemployment Contributions	3,193.47	
Expenditures Capitalized	329,934.40	
GASB 68 OPEB Expense Adjustment	240,308.38	
	<u>240,308.38</u>	<u>2,506,496.62</u>

4,551,563.88

Less:

Investment Income	327,419.72	
Interlocal Service Agreement	563,269.87	
Major Repairs and Other Expenses	74,067.47	
GASB 68 Pension Expense Adjustment	59,280.00	
Inventory Adjustment	125,015.00	
Various Accrual Adjustments	10,521.09	
Depreciation	2,233,299.15	
	<u>2,233,299.15</u>	<u>3,392,872.30</u>

Operating Income (Schedule 1)

\$ 1,158,691.58

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Fiscal Year Ended January 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Jan. 31, 2020		Interest Rate	Balance Feb. 1, 2019	Paid	Balance Jan. 31, 2020
			Date	Amount				
Utility System Revenue Bonds, Series 2006A	6/27/06	\$ 4,425,000.00	2/1/20	\$ 250,000.00	4.50%			
			2/1/21	260,000.00	4.50%			
			2/1/22	275,000.00	4.50%			
			2/1/23	285,000.00	4.50%			
			2/1/24	300,000.00	4.50%			
			2/1/25	315,000.00	4.50%			
			2/1/26	<u>330,000.00</u>	4.50%			
			<u>2,015,000.00</u>		\$ 2,255,000.00	\$ 240,000.00	\$ 2,015,000.00	
Utility System Revenue Refunding Bonds, Series 2006B	6/27/06	2,870,000.00	2/1/20	235,000.00	4.10%			
			2/1/21	<u>245,000.00</u>	4.10%			
				<u>480,000.00</u>				
Utility System Revenue Bonds, Series 2011	11/22/11	6,630,000.00	2/1/20	450,000.00	4.00%			
			2/1/21	470,000.00	4.00%			
			2/1/22	485,000.00	4.00%			
			2/1/23	505,000.00	4.50%			
			2/1/24	525,000.00	3.25%			
			2/1/25	545,000.00	3.50%			
			2/1/26	<u>565,000.00</u>	4.00%			
			<u>3,545,000.00</u>		<u>3,975,000.00</u>	<u>430,000.00</u>	<u>3,545,000.00</u>	
					<u>\$ 6,940,000.00</u>	<u>\$ 900,000.00</u>	6,040,000.00	
					Add: Net Premium on Bonds		<u>213,955.81</u>	
							<u>\$ 6,253,955.81</u>	

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Fiscal Year Ended January 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Jan. 31, 2020		Interest Rate	Balance Feb. 1, 2019	Paid	Balance Jan. 31, 2020
			Date	Amount				
2002 New Jersey Environmental Infrastructure Fund Loan - Sewer Program	11/7/02	\$ 1,099,652.00	2/1/20	\$ 3,762.34	NIL	\$ 138,405.21	\$ 55,409.13	\$ 82,996.08
			8/1/20	52,624.02				
			2/1/21	2,540.80				
			8/1/21	24,068.92				
				<u>82,996.08</u>				
2002 New Jersey Environmental Infrastructure Trust Loan - Sewer Program	11/7/02	1,050,000.00	8/1/20	75,000.00	5.00%	305,000.00	70,000.00	235,000.00
			8/1/21	80,000.00	5.00%			
			8/1/22	80,000.00	5.00%			
				<u>235,000.00</u>				
2002 New Jersey Environmental Infrastructure Trust Loan - Water Program	11/7/02	1,735,000.00	8/1/20	125,000.00	5.00%	510,000.00	120,000.00	390,000.00
			8/1/21	130,000.00	5.00%			
			8/1/22	135,000.00	4.75%			
				<u>390,000.00</u>				
2002 New Jersey Environmental Infrastructure Fund Loan - Water Program	11/7/02	1,823,066.00	2/1/20	6,265.58	NIL	375,133.98	94,927.88	280,206.10
			8/1/20	88,008.35				
			2/1/21	4,222.01				
			8/1/21	89,234.49				
			2/1/22	2,096.70				
			8/1/22	90,378.97				
				<u>280,206.10</u>				
2004 New Jersey Environmental Infrastructure Trust Loan - Water Program	11/4/04	405,000.00	8/1/20	25,000.00	5.000%	165,000.00	25,000.00	140,000.00
			8/1/21	25,000.00	5.000%			
			8/1/22	30,000.00	5.000%			
			8/1/23	30,000.00	4.250%			
			8/1/24	30,000.00	4.375%			
				<u>140,000.00</u>				

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Fiscal Year Ended January 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Jan. 31, 2020		Interest Rate	Balance Feb. 1, 2019	Paid	Balance Jan. 31, 2020
			Date	Amount				
2004 New Jersey Environmental Infrastructure Fund Loan - Water Program	11/4/04	\$ 413,863.00	2/1/20	\$ 2,144.89				
			8/1/20	18,424.94				
			2/1/21	1,737.89				
			8/1/21	18,017.94				
			2/1/22	1,330.89				
			8/1/22	20,866.94				
			2/1/23	842.49				
			8/1/23	3,232.49				
				<u>66,598.47</u>	NIL	\$ 87,982.30	\$ 21,383.83	\$ 66,598.47
2016 New Jersey Environmental Infrastructure Trust Loan - Water Program	12/22/16	615,000.00	8/1/20	25,000.00	5.000%			
			8/1/21	25,000.00	5.000%			
			8/1/22	25,000.00	5.000%			
			8/1/23	25,000.00	5.000%			
			8/1/24	30,000.00	5.000%			
			8/1/25	30,000.00	5.000%			
			8/1/26	30,000.00	5.000%			
			8/1/27	30,000.00	4.000%			
			8/1/28	35,000.00	4.000%			
			8/1/29	35,000.00	4.000%			
			8/1/30	35,000.00	4.000%			
			8/1/31	40,000.00	4.000%			
			8/1/32	40,000.00	4.000%			
			8/1/33	40,000.00	4.000%			
			8/1/34	40,000.00	4.000%			
			8/1/35	45,000.00	4.000%			
8/1/36	45,000.00	4.000%						
				<u>575,000.00</u>		595,000.00	20,000.00	575,000.00
2016 New Jersey Environmental Infrastructure Fund Loan - Water Program	12/22/16	1,911,746.00	2/1/20	32,402.47				
			8/1/20	64,804.94				
			2/1/21	32,402.47				
			8/1/21	64,804.94				
			2/1/22	32,402.47				
8/1/22	64,804.94							

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Fiscal Year Ended January 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Jan. 31, 2020		Interest Rate	Balance Feb. 1, 2019	Paid	Balance Jan. 31, 2020	
			Date	Amount					
2016 New Jersey Environmental Infrastructure Fund Loan - Water Program (Cont'd)	12/22/16	\$ 1,911,746.00	2/1/23	\$ 32,402.47					
			8/1/23	64,804.94					
			2/1/24	32,402.47					
			8/1/24	64,804.94					
			2/1/25	32,402.47					
			8/1/25	64,804.94					
			2/1/26	32,402.47					
			8/1/26	64,804.94					
			2/1/27	32,402.47					
			8/1/27	64,804.94					
			2/1/28	32,402.47					
			8/1/28	64,804.94					
			2/1/29	32,402.47					
			8/1/29	64,804.94					
			2/1/30	32,402.47					
			8/1/30	64,804.94					
			2/1/31	32,402.47					
			8/1/31	64,804.94					
			2/1/32	32,402.47					
			8/1/32	64,804.94					
2/1/33	32,402.47								
8/1/33	64,804.94								
2/1/34	32,402.47								
8/1/34	64,804.94								
2/1/35	12,651.09								
				<u>1,470,762.24</u>	NIL	\$ 1,567,969.65	\$ 97,207.41	\$ 1,470,762.24	
2016 New Jersey Environmental Infrastructure Trust Loan - Sewer Program	12/22/16	450,000.00	8/1/20	15,000.00	5.000%				
			8/1/21	20,000.00	5.000%				
			8/1/22	20,000.00	5.000%				
			8/1/23	20,000.00	5.000%				
			8/1/24	20,000.00	5.000%				
			8/1/25	20,000.00	5.000%				
			8/1/26	20,000.00	5.000%				
			8/1/27	25,000.00	4.000%				
			8/1/28	25,000.00	4.000%				
			8/1/29	25,000.00	4.000%				
			8/1/30	25,000.00	4.000%				

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Fiscal Year Ended January 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Jan. 31, 2020		Interest Rate	Balance Feb. 1, 2019	Paid	Balance Jan. 31, 2020
			Date	Amount				
2016 New Jersey Environmental Infrastructure Trust Loan - Sewer Program (Cont'd)	12/22/16	\$ 450,000.00	8/1/31	\$ 30,000.00	4.000%			
			8/1/32	30,000.00	4.000%			
			8/1/33	30,000.00	4.000%			
			8/1/34	30,000.00	4.000%			
			8/1/35	30,000.00	4.000%			
			8/1/36	35,000.00	4.000%			
				<u>420,000.00</u>				
2016 New Jersey Environmental Infrastructure Fund Loan - Sewer Program	12/22/16	1,394,027.00	2/1/20	23,627.57				
			8/1/20	47,255.15				
			2/1/21	23,627.57				
			8/1/21	47,255.15				
			2/1/22	23,627.57				
			8/1/22	47,255.15				
			2/1/23	23,627.57				
			8/1/23	47,255.15				
			2/1/24	23,627.57				
			8/1/24	47,255.15				
			2/1/25	23,627.57				
			8/1/25	47,255.15				
			2/1/26	23,627.57				
			8/1/26	47,255.15				
			2/1/27	23,627.57				
			8/1/27	47,255.15				
			2/1/28	23,627.57				
			8/1/28	47,255.15				
			2/1/29	23,627.57				
			8/1/29	47,255.15				
2/1/30	23,627.57							
8/1/30	47,255.15							
2/1/31	23,627.57							
8/1/31	47,255.15							
2/1/32	23,627.57							
8/1/32	47,255.15							
2/1/33	23,627.57							
8/1/33	47,255.15							
2/1/34	23,627.57							

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Fiscal Year Ended January 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Feb. 1, 2019	Paid	Balance Jan. 31, 2020
			Outstanding Jan. 31, 2020	Date				
2016 New Jersey Environmental Infrastructure Fund Loan - Sewer Program (Cont'd)		\$ 1,394,027.00	\$ 8/1/34	\$ 47,255.15				
			2/1/35	23,627.57				
			8/1/35	47,255.15				
			2/1/36	17,247.89				
				<u>1,151,371.41</u>	NIL			
2017 New Jersey Environmental Infrastructure Trust Loan - Water Program	11/21/17	365,000.00	8/1/20	15,000.00	5.000%			
			8/1/21	15,000.00	5.000%			
			8/1/22	15,000.00	5.000%			
			8/1/23	15,000.00	5.000%			
			8/1/24	15,000.00	5.000%			
			8/1/25	15,000.00	5.000%			
			8/1/26	20,000.00	5.000%			
			8/1/27	20,000.00	2.125%			
			8/1/28	20,000.00	2.375%			
			8/1/29	20,000.00	2.500%			
			8/1/30	20,000.00	2.625%			
			8/1/31	20,000.00	2.750%			
			8/1/32	20,000.00	2.750%			
			8/1/33	20,000.00	2.875%			
			8/1/34	25,000.00	2.875%			
			8/1/35	25,000.00	3.000%			
			8/1/36	25,000.00	3.000%			
8/1/37	<u>25,000.00</u>	3.000%						
			<u>350,000.00</u>			365,000.00	15,000.00	350,000.00
2017 New Jersey Environmental Infrastructure Fund Loan - Water Program	11/21/17	1,105,230.00	2/1/20	18,732.71				
			8/1/20	37,465.42				
			2/1/21	18,732.71				
			8/1/21	37,465.42				
			2/1/22	18,732.71				
			8/1/22	37,465.42				
			2/1/23	18,732.71				
			8/1/23	37,465.42				
			2/1/24	18,732.71				
			8/1/24	37,465.42				
			2/1/25	18,732.71				

(Continued)

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Fiscal Year Ended January 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Feb. 1, 2019	Paid	Balance Jan. 31, 2020	
			Outstanding Jan. 31, 2020	Date					
2017 New Jersey Environmental Infrastructure Fund Loan - Water Program (Cont'd)	11/21/17	\$ 1,105,230.00	8/1/25	\$ 37,465.42					
			2/1/26	18,732.71					
			8/1/26	37,465.42					
			2/1/27	18,732.71					
			8/1/27	37,465.42					
			2/1/28	18,732.71					
			8/1/28	37,465.42					
			2/1/29	18,732.71					
			8/1/29	37,465.42					
			2/1/30	18,732.71					
			8/1/30	37,465.42					
			2/1/31	18,732.71					
			8/1/31	37,465.42					
			2/1/32	18,732.71					
			8/1/32	37,465.42					
			2/1/33	18,732.71					
			8/1/33	37,465.42					
			2/1/34	18,732.71					
			8/1/34	<u>32,624.92</u>					
				<u>838,131.45</u>	NIL	\$ <u>894,329.58</u>	\$ <u>56,198.13</u>	\$ <u>838,131.45</u>	
						\$ <u>6,661,074.85</u>	\$ <u>661,009.10</u>	6,000,065.75	
							Premium on Loans	<u>26,833.22</u>	
								\$ <u>6,026,898.97</u>	

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JANUARY 31, 2020

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Fiscal Year Ended January 31, 2020

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No Current Year Findings

WASHINGTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings

38400

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants